

**Agency Proposed Budget**

The following table summarizes the total executive budget proposal for the agency by year, type of expenditure, and source of funding.

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	710.60	3.25	(4.88)	708.97	5.25	(8.02)	707.83	707.83
Personal Services	31,871,085	3,239,567	(31,556)	35,079,096	3,353,322	(99,029)	35,125,378	70,204,474
Operating Expenses	14,781,805	3,472,297	200,767	18,454,869	(534,419)	57,921	14,305,307	32,760,176
Equipment	1,738,154	224,703	(32,869)	1,929,988	265,559	(50,487)	1,953,226	3,883,214
Capital Outlay	0	0	0	0	0	0	0	0
Benefits & Claims	893,436	0	0	893,436	0	0	893,436	1,786,872
Transfers	0	0	0	0	0	0	0	0
Debt Service	249,592	2,282,847	22,050	2,554,489	(67,153)	22,050	204,489	2,758,978
<b>Total Costs</b>	<b>\$49,534,072</b>	<b>\$9,219,414</b>	<b>\$158,392</b>	<b>\$58,911,878</b>	<b>\$3,017,309</b>	<b>(\$69,545)</b>	<b>\$52,481,836</b>	<b>\$111,393,714</b>
General Fund	18,497,606	2,884,130	(245,633)	21,136,103	1,370,839	(245,777)	19,622,668	40,758,771
State/Other Special	27,440,085	6,002,287	459,875	33,902,247	1,368,642	557,393	29,366,120	63,268,367
Federal Special	2,786,344	182,708	(105,850)	2,863,202	190,809	(381,161)	2,595,992	5,459,194
Proprietary	810,037	150,289	50,000	1,010,326	87,019	0	897,056	1,907,382
<b>Total Funds</b>	<b>\$49,534,072</b>	<b>\$9,219,414</b>	<b>\$158,392</b>	<b>\$58,911,878</b>	<b>\$3,017,309</b>	<b>(\$69,545)</b>	<b>\$52,481,836</b>	<b>\$111,393,714</b>

**Agency Description**

The Department of Justice, under the direction of the Attorney General, is responsible for statewide legal services and counsel, law enforcement, and public safety, as authorized in 2-15-501, MCA. The duties of the department include:

- 1) Providing legal representation for the state and its political subdivisions in criminal appeals
- 2) Providing legal services and counsel for the state, county and municipal agencies, and their officials
- 3) Enforcing Montana traffic laws and registering all motor vehicles
- 4) Enforcing state fire safety codes and regulations
- 5) Assisting local law enforcement agencies in bringing offenders to justice
- 6) Managing a statewide system of death investigations and providing scientific analyses of specimens submitted by law enforcement officials, coroners and state agencies
- 7) Maintaining and disseminating criminal justice information to authorized state, local, and other entities
- 8) Providing uniform regulation of all gambling activities in the state of Montana

**Agency Highlights**

Department of Justice Major Budget Highlights	
<ul style="list-style-type: none"> <li>• The increase in general fund of \$3.8 million over the base budget is due to: <ul style="list-style-type: none"> <li>• Automated Accounting and Reporting System in the Gambling Division for \$1.1 million</li> <li>• Replacement vehicles in the Department of Criminal Investigation for \$0.2 million</li> <li>• \$0.6 million for 3.00 FTE in the Forensic Science Division</li> <li>• Statewide present law adjustments</li> </ul> </li> <li>• Increases in state special funds of \$8.4 million over the base budget are due to: <ul style="list-style-type: none"> <li>• Automated Accounting and Reporting System in the Gambling Division for \$0.3 million</li> </ul> </li> </ul>	

<ul style="list-style-type: none"> <li>• Interest on borrowed funds for the Motor Vehicle Division reengineering and automation project of \$2.3 million</li> <li>• Base adjustments in the Highway Patrol for \$2.0 million</li> <li>• Restoration of vacancy savings in the Highway Patrol for \$1.0 million</li> <li>• Law Enforcement Academy base adjustments of \$0.4 million</li> <li>• Statewide present law adjustments</li> </ul>
<b>Major LFD Issues</b>
<ul style="list-style-type: none"> <li>• The ability of Agency Legal Services to be self supporting</li> <li>• The progress on the Gambling Division's Automated Accounting and Reporting System (AARS)</li> <li>• Interest payments on the Motor Vehicle Division's reengineering and automation project</li> <li>• Law Enforcement Academy's cash collection shortfall</li> </ul>

### Funding

The following table summarizes funding for the agency, by program and source, as recommended by the Governor. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2007 Biennium Executive Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
01 Legal Services Division	\$ 7,541,352	\$ 627,958	\$ 884,821	\$ -	\$ 9,054,131	8.1%
07 Gambling Control Division	1,100,000	4,629,464	-	1,721,582	7,451,046	6.7%
12 Motor Vehicle Division	10,978,951	9,800,220	-	50,000	20,829,171	18.7%
13 Highway Patrol Division	-	40,866,096	288,108	-	41,154,204	36.9%
18 Div. Of Criminal Investigation	5,704,957	3,265,877	3,942,249	-	12,913,083	11.6%
19 County Attorney Payroll	3,619,372	-	-	-	3,619,372	3.2%
28 Central Services Division	691,516	1,076,643	-	109,158	1,877,317	1.7%
29 Information Technology Service	5,833,386	2,395,701	161,617	26,642	8,417,346	7.6%
32 Forensic Science Division	5,289,237	606,408	182,399	-	6,078,044	5.5%
Grand Total	<u>\$ 40,758,771</u>	<u>\$ 63,268,367</u>	<u>\$ 5,459,194</u>	<u>\$ 1,907,382</u>	<u>\$ 111,393,714</u>	<u>100.0%</u>

### Biennium Budget Comparison

The following table compares the executive budget request in the 2007 biennium with the 2005 biennium by type of expenditure and source of funding. The 2005 biennium consists of actual FY 2004 expenditures and FY 2005 appropriations.

Biennium Budget Comparison								
Budget Item	Present Law Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	Present Law Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Biennium Fiscal 04-05	Total Exec. Budget Fiscal 06-07
FTE	713.85	(4.88)	708.97	715.85	(8.02)	707.83	710.60	707.83
Personal Services	35,110,652	(31,556)	35,079,096	35,224,407	(99,029)	35,125,378	65,916,580	70,204,474
Operating Expenses	18,254,102	200,767	18,454,869	14,247,386	57,921	14,305,307	29,753,977	32,760,176
Equipment	1,962,857	(32,869)	1,929,988	2,003,713	(50,487)	1,953,226	3,538,595	3,883,214
Capital Outlay	0	0	0	0	0	0	0	0
Benefits & Claims	893,436	0	893,436	893,436	0	893,436	1,764,016	1,786,872
Transfers	0	0	0	0	0	0	0	0
Debt Service	2,532,439	22,050	2,554,489	182,439	22,050	204,489	6,541,743	2,758,978
Total Costs	\$58,753,486	\$158,392	\$58,911,878	\$52,551,381	(\$69,545)	\$52,481,836	\$107,514,911	\$111,393,714
General Fund	21,381,736	(245,633)	21,136,103	19,868,445	(245,777)	19,622,668	37,468,284	40,758,771
State/Other Special	33,442,372	459,875	33,902,247	28,808,727	557,393	29,366,120	62,381,138	63,268,367
Federal Special	2,969,052	(105,850)	2,863,202	2,977,153	(381,161)	2,595,992	6,033,604	5,459,194
Proprietary	960,326	50,000	1,010,326	897,056	0	897,056	1,631,885	1,907,382
Total Funds	\$58,753,486	\$158,392	\$58,911,878	\$52,551,381	(\$69,545)	\$52,481,836	\$107,514,911	\$111,393,714

## Supplemental Appropriations

### Major Litigation

The 2003 Legislature approved general fund of \$400,000 for a biennial appropriation for major litigation handled on behalf of the state. The executive is requesting a supplemental appropriation of \$200,000 for the remainder of FY 2005 because most of the original appropriation was expended during the first year of the biennium on the following lawsuits:

- 1) Public Defender Lawsuit with the ACLU - \$50,700
- 2) School Funding Lawsuit – \$64,200
- 3) Electronic Gambling Taxes Reported Lawsuit – \$21,200
- 4) Tobacco Settlement Case - \$155,200
- 5) Snowmobiles in Yellowstone Lawsuit - \$49,000
- 6) Other - \$47,400

### Exempt Staff Payouts

The executive is requesting a supplemental appropriation in the amount of \$24,000 in general fund to cover expenditures for an exempt staff payout due to a retirement.

### Highway Patrol Retirement Fund

The executive is requesting a supplemental of \$363,762 in general fund for the Highway Patrol Retirement Fund. Revenues for the fund are collected from the following sources:

- 1) A one-time fee of \$1.25 for the permanent registration of motor cycles and quadricycles as per 61-3-527, MCA
- 2) A one-time fee of \$1.25 for the permanent registration of trailers, pole trailers or semi-trailers as per 61-3-530, MCA
- 3) A one-time fee of \$2.00 for the permanent registration for each motor vehicle as per 61-3-562, MCA

Once collected, these fees are deposited into the general fund. A transfer from the general fund to the Highway Patrol Retirement Pension Trust Fund is then necessary. Although current statute allows for the transfer, there is no authority for the appropriation, and authority was not requested of the 2003 legislature for the full amount. This supplemental will have no impact on the general fund, as the funds are available, and the appropriate level of general fund transfer was already assumed in the projected ending fund balance. Pending legislation (LC 334) would make this transfer per a statutory appropriation.

### New Proposals

The "New Proposal" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

New Proposals										
Program	FTE	Fiscal 2006				FTE	Fiscal 2007			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 5 - Change Appropriation for Lab Machine Testing										
07	1.00	0	56,512	0	56,512	1.00	0	56,446	0	56,446
DP 6 - Request Authority To Pay ID Bureau										
07	0.00	0	45,000	0	45,000	0.00	0	45,000	0	45,000
DP 12 - MV Proprietary Account Spending Authority										
12	0.00	0	0	0	50,000*	0.00	0	0	0	0
DP 15 - MCSAP New Entrant Program										
13	2.00	0	0	158,065	158,065	2.00	0	0	104,270	104,270
DP 16 - Funding Authority - Homeland Security										
18	5.00	0	0	423,322	423,322	5.00	0	0	422,527	422,527
DP 17 - Funding Authority - Tri-Agency Drug Task Force										
18	1.00	0	75,894	177,086	252,980	1.00	0	75,894	177,086	252,980
DP 127 - Statewide FTE Reduction										
12	(1.00)	(32,418)	0	0	(32,418)	(1.00)	(32,329)	0	0	(32,329)
DP 135 - Restore Vacancy Savings for Patrol Officers (Requires Legislation)										
13	0.00	0	407,283	0	407,283	0.00	0	543,074	0	543,074
DP 136 - Transfer MCSAP Program to Dept of Transportation (Requires Legislation)										
13	(9.38)	0	(124,814)	(864,323)	(989,137)	(12.50)	0	(163,021)	(1,085,044)	(1,248,065)
DP 293 - Statewide FTE Reduction										
29	(3.50)	(213,215)	0	0	(213,215)	(3.52)	(213,448)	0	0	(213,448)
<b>Total</b>	<b>(4.88)</b>	<b>(\$245,633)</b>	<b>\$459,875</b>	<b>(\$105,850)</b>	<b>\$158,392*</b>	<b>(8.02)</b>	<b>(\$245,777)</b>	<b>\$557,393</b>	<b>(\$381,161)</b>	<b>(\$69,545)</b>

### Agency Issues

#### Exempt Staff Pay Raises

The executive is removing from the base exempt staff pay raises given to certain individuals during the 2005 biennium. The Attorney General completed a study of pay levels of certain exempt staff employed by the Department of Justice during the 2005 biennium. This study compared the pay levels of these exempt staff to others with similar functions throughout state government. The reported results of the study were that the exempt staffs' pay levels were below the average of the other areas in the survey. The Attorney General approved a pay raise for these exempt staff to meet the average pay level found by the survey. The Governor's budget director did not allow these pay raises in the base budget and directed that they be removed. The removal of these amounts was done as present law adjustments.

The Attorney General is requesting that these pay increases be approved for the 2007 biennium by the 2005 legislature. Please refer to the "Elected Official: New Proposal" section of this summary for this request.

Figure 1 Department of Justice Removal of Exempt Staff Pay Raises				
Division	--- 2007 Biennium ---			Total Funds
	General Fund	State Special	Proprietary	
Legal Services Division	(\$43,780)	\$0	\$0	(\$43,780)
Gambling Control Division	-	(15,948)	(6,514)	(22,462)
Highway Patrol	-	(19,806)	-	(19,806)
Central Services Division	(6,510)	(10,028)	(1,056)	(17,594)
Forensic Science Division	(17,598)	-	-	(17,598)
<b>Total</b>	<b>(\$67,888)</b>	<b>(\$45,782)</b>	<b>(\$7,570)</b>	<b>(\$121,240)</b>

*Legal Issue Contingencies*

There is a pending law suit named Swingley, et al. v. Montana Highway Patrol that has been filed in district court in the state of Montana. This lawsuit is an administrative wage claim brought to court by certain highway patrol officers for overtime hours. This is a class action lawsuit that includes 323 officers. The case seeks overtime compensation for all lunch hours for a period of 3 ½ years and seeks to have overtime and retirement contributions and benefits recalculated based on the contention that subsistence pay, which was to cover meals, travel, uniform maintenance and home telephone for each officer, should have been included in the officers' base pay. The estimated exposure to the state is \$9 to \$20 million. The case is scheduled to go to trial in early 2005. The Department of Justice does not have an estimated completion date of this process, nor have potential funding sources been identified. According to the department, payment for a settlement would be contingent upon legislative appropriations.

*Motor Vehicle Reengineering and Information Technology Project*The Project

The Motor Vehicle Division (MVD), with the assistance of the Information Technology Services Division (ITSD), is undergoing a process to upgrade the MVD's business processes and supporting technology. This project is referred to as the TEAM 261 project. This project is working on the following four functions: vehicle titling, vehicle registration, driver records and control, and driver licensing. Currently, MVD has many manual work processes. The project intends to either change the way that this work is accomplished in order make it more efficient and less costly or automate the process. The project also intends to institute best practices to many of the current processes.

The Process

As Figure 2 illustrates, there are two stages of the project, the reengineering stage and the IT stage. During the reengineering stage, each of the four functions will proceed through five tasks. The first task is referred to as the start-up task. This is where the project team meets to map out what needs to be accomplished to begin the process. The second task is referred to as the "As Is" task. During this task the project team maps out how work is currently being accomplished in the function. The third task is the "To Be" task, which designs how the work will be done in the future. The planning task takes the work accomplished in the To Be task and designs the new workflow processes and maps out how technology will be applied to these processes. The new workflow process is put to work in the implementation task. Finally, new technology is applied to the functions to complete the project.

Expected Completion Dates

Figure 2 indicates that the vehicle titling tasks are complete and the vehicle registrations and drivers records and control tasks are to be complete by June 30, 2005. The driver licensing function is not scheduled to be complete until June 30, 2006. All information technology applications are expected to be complete by July 1, 2007. The figure also indicates that the project has expended approximately 31 percent of its funding and is 28 percent complete.

Figure 2

Department of Justice - Motor Vehicle Division  
Reengineering and Information Technology Program

Function	Reengineering Stage					IT Stage Apply Technology
	Start Up	As - Is	To - Be	Planning	Implementation	
Vehicle Titling	N/A	Complete	Complete	Complete	Complete	07/01/07
Vehicle Registration	N/A	Complete	Complete	Complete	06/30/05	07/01/07
Driver Records and Control	Complete	Complete	Complete	01/31/05	06/30/05	07/01/07
Driver Licensing	12/31/04	06/30/05	06/30/05	06/30/05	06/30/06	07/01/07

Appropriation	
HB 577	\$4,500,000.00
HB 261	18,000,000
Total	\$22,500,000.00

Project Completion Information	Expended		Percent Complete
	Dollars	Percentage	
Project completion at 12/31/04	\$7,000,000	31.1%	28.0%
Remaining to be complete	15,500,000	68.9%	72.0%

Estimated borrowing costs	
HB 577	\$660,000
HB 261	3,900,000
Total	\$4,560,000
Total Project Cost	\$27,060,000

### Funding

The project is funded with special revenue funds that include a \$4.00 increase in lien filing fees on vehicles and a \$5.00 increase in titling fees. The cost of the project is expected to be \$27.1 million. This amount includes \$4.5 million from HB 577 as passed by the 2001 Legislature, and \$18 million from HB 261 as passed by the 2003 Legislature. This legislation authorized the Department of Justice to borrow funds from the INTERCAP loan program through the Board of Investments to finance the project and approved the special revenue funds to repay these loans. The interest on the loans is expected to be \$4.6 million.

### LFD ISSUE

Although project management has a plan in place to upgrade the Motor Vehicle Division's business processes and supporting technology. There are no clear expectations that the project will be able to accomplish all that it is intended to accomplish at the current level of funding provided to the project. Project management's intent is to do as much as possible with the funding that was provided by the legislature and to seek out other sources of funds, such as federal grants. However, project management does not know at this time what tasks will not be accomplished or if the project will be able to afford the appropriate technology to support MVD's processes.

The legislature may direct that the department provide its best estimate of the priority of functions that will be accomplished by the project at the current funding level and the cost to complete the remaining items. A risk of this project is that funding would be exhausted and the project would not have produced a minimum level of functionality.

**Elected Official: New Proposals**

As an elected official, the Attorney General is authorized in statute to bring new proposals to the legislature, even though the new proposals were not included in the executive budget.

Exempt Staff Pay Raises - The Attorney General is requesting funding in the amount of \$121,240 for pay increases for 8.0 FTE exempt staff. The amount for each year in the 2007 biennium is \$33,944 general fund, \$22,891 of state special, and \$3,795 proprietary funds. The FTE are in the following programs: 4.00 FTE in the Legal Services Division; 1.00 FTE in the Gambling Control Division; 1.00 FTE in the Montana Highway Patrol; 1.00 FTE in the Central Services Division; and 1.00 FTE in the Forensic Science Division.

FTE in the Legal Services Division - The Attorney General is requesting general fund in the amount of \$75,639 in FY 2006 and \$72,618 in FY 2007 for a 1.00 FTE attorney in the Legal Services Division. This FTE would work in the tobacco enforcement area.

FTE in the Motor Vehicle Division - The Attorney General is requesting general fund of \$202,359 in FY 2006 and \$190,275 in FY 2007 and 4.00 FTE in the Motor Vehicle Division for Patriot Act issues.

Montana Highway Patrol – New Officers – The Attorney General is requesting state special funds of \$1,243,968 and 7.00 FTE in FY 2006 and \$2,191,772 for 27.00 FTE in FY 2007 for new highway patrol officers.

Montana Highway Patrol – Salary Increase – The Attorney General is requesting state special funds of \$1,384,895 in FY 2006 and \$2,935,977 in FY 2007 for salary increases for highway patrol officers.

Department of Criminal Investigations - The Attorney General is requesting general fund for the following items in the Division of Criminal Investigations:

- FTE as a narcotics regional agent, \$61,451 in FY 2006
- Medical fraud COLA, \$6,498 and federal funds of \$19,495 in FY 2006
- Present law adjustments, \$42,000 in FY 2006
- Medical Fraud agent, \$15,500 and federal funds of \$46,500 each year

FTE in the Information Technology Services Division (ITSD)– The Attorney General is requesting general fund for 5.00 FTE in ITSD for various programmer/analysts. The amount requested is \$350,072 in FY 2006 and \$334,967 in FY 2007.

FTE in the Forensic Science Division – The Attorney General is requesting general fund for 3.00 FTE in the Forensic Science Division for a toxicologist and two DNA/serologists technicians. The amount requested is \$137,978 in FY 2006 and \$76,548 in FY 2007.

FTE in the Legal Services Division – The Attorney General is requesting general fund for 2.00 FTE in the Legal Services Division for communications activities. The amount requested is \$118,846 in each year of the biennium.

**Program Proposed Budget**

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	50.00	0.00	0.00	50.00	0.00	0.00	50.00	50.00
Personal Services	2,722,749	191,097	0	2,913,846	189,006	0	2,911,755	5,825,601
Operating Expenses	881,923	37,855	0	919,778	(360,043)	0	521,880	1,441,658
Benefits & Claims	893,436	0	0	893,436	0	0	893,436	1,786,872
Debt Service	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$4,498,108</b>	<b>\$228,952</b>	<b>\$0</b>	<b>\$4,727,060</b>	<b>(\$171,037)</b>	<b>\$0</b>	<b>\$4,327,071</b>	<b>\$9,054,131</b>
General Fund	3,695,876	275,197	0	3,971,073	(125,597)	0	3,570,279	7,541,352
State/Other Special	339,667	(26,133)	0	313,534	(25,243)	0	314,424	627,958
Federal Special	462,565	(20,112)	0	442,453	(20,197)	0	442,368	884,821
<b>Total Funds</b>	<b>\$4,498,108</b>	<b>\$228,952</b>	<b>\$0</b>	<b>\$4,727,060</b>	<b>(\$171,037)</b>	<b>\$0</b>	<b>\$4,327,071</b>	<b>\$9,054,131</b>

**Program Description**

The Legal Services Division provides:

- 1) The Attorney General with legal research and analysis
- 2) Legal counsel for state government officials, bureaus and boards
- 3) Legal assistance to local governments and Indian tribes
- 4) Legal assistance, training and support for county prosecutors
- 5) Assistance to victims of crime, including compensation payments

County Prosecutor Services provides special prosecution assistance to counties in the prosecution and disposition of major felonies and in cases in which county attorneys or city attorneys have conflicts of interest. County Prosecutor Services also provides prosecutor services to the Eastern Coal Counties Drug Task Force and the Western Montana Special Investigation Section and coordinates training and continuing legal education for county attorneys, city attorneys, and law enforcement personnel.

The Appellate Legal Services Bureau is responsible for representing the state in all criminal appeals and responds to all habeas corpus and post conviction proceedings where federal and state courts order the state to defend the legality of convictions.

The Civil Services Bureau defends the state in constitutional challenges and coordinates appeals of civil cases that involve the state. This bureau also provides legal assistance to state and local governments on matters involving Indian jurisdiction, federal reserved water rights, election law, antitrust, conflicts of interest and open meetings.

Office of Victim Services and Restorative Justice is a consolidated effort to elevate the status and respond to the needs of victims of crime in Montana. The office also provides the cross training and coordination with local law enforcement to more fully address the broad needs of victims.

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### Program Highlights

Department of Justice Legal Services Division Major Budget Highlights
<ul style="list-style-type: none"> <li>Increase of \$0.4 million in present law adjustments for personal services for the 2007 biennium over the base budget</li> </ul>

### Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

Program Funding Table Legal Services Division						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01100 General Fund	\$ 3,695,876	82.2%	\$ 3,971,073	84.0%	\$ 3,570,279	82.5%
02003 Misc Grants And Nrd	120,615	2.7%	120,054	2.5%	119,931	2.8%
02013 Continuing Legal Education	6,216	0.1%	6,215	0.1%	6,215	0.1%
02074 Gambling License Fee Account	174,358	3.9%	147,383	3.1%	148,493	3.4%
02337 Antitrust Activity	2,088	0.0%	2,088	0.0%	2,088	0.0%
02422 Highways Special Revenue	36,390	0.8%	37,794	0.8%	37,697	0.9%
03169 Federal Crime Victims Benefits	309,000	6.9%	309,000	6.5%	309,000	7.1%
03187 Bcc Grants To Dept. Of Justice	52,175	1.2%	50,628	1.1%	50,475	1.2%
03801 Dept Of Justice-Misc Grants	101,390	2.3%	82,825	1.8%	82,893	1.9%
Grand Total	\$ 4,498,108	100.0%	\$ 4,727,060	100.0%	\$ 4,327,071	100.0%

- This program is primarily funded with general fund. State special funds are provided by the following entities:
  - Montana State Fund pays for one attorney
  - The Department of Fish Wildlife and Parks pays for about one-half of an attorney's salary
  - The Gambling Control Division pays for two attorneys with gambling funds
  - The gas tax pays for the services of one-half of an attorney's time to work on Highway Patrol and Motor Vehicle Division issues
  - Antitrust fund revenues pay for antitrust expenditures

Federal funds support one attorney that works on statewide drug cases, and federal funds provide 25 percent of the funding for the Child Protection Unit.

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----						-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					330,925					328,765
Vacancy Savings					(117,938)					(117,869)
Inflation/Deflation					(4,933)					(4,773)
Fixed Costs					31,081					33,023
Total Statewide Present Law Adjustments					\$239,135					\$239,146
DP 111 - Major litigation biennial appropriation										
	0.00	11,707	0	0	11,707	0.00	(388,293)	0	0	(388,293)
DP 112 - Exempt staff pay raise reduction										
	0.00	(21,890)	0	0	(21,890)	0.00	(21,890)	0	0	(21,890)
Total Other Present Law Adjustments										
	0.00	(\$10,183)	\$0	\$0	(\$10,183)	0.00	(\$410,183)	\$0	\$0	(\$410,183)
Grand Total All Present Law Adjustments					\$228,952					(\$171,037)

Increases in personal service costs of \$330,925 in FY 2006 and \$328,765 in FY 2007 are mostly due to: a) a pay adjustment for the Attorney General of \$3,213 per year based on a regional survey; b) pay and benefits for positions that were vacant during part of the base year but fully funded in the budget; c) reclassifications of certain positions to higher levels towards the end of the base year; d) a number of recruitment and retention exceptions that were granted to keep critical positions filled; and e) the 25 cent per hour pay increase and insurance adjustment for each staff member as approved by the 2003 Legislature.

Other Present law adjustments consist of:

DP 111 - Major litigation biennial appropriation – The executive requests a biennial appropriation of \$400,000 for major litigation services for the 2007 biennium. DP 111 adds \$11,707 in FY 2006 which, when added to the base of \$388,293, brings the total to the 2005 biennium appropriated level of \$400,000.

#### LFD COMMENT

The 2003 Legislature approved general fund of \$400,000 for a biennial appropriation for major litigation handled on behalf of the state. The executive is requesting a supplemental appropriation of \$200,000 for the remainder of FY 2005 because most of the original appropriation was expended during the first year of the biennium on the following lawsuits:

- 1) Public Defender Lawsuit with the ACLU - \$50,700;
- 2) School Funding Lawsuit – \$64,200;
- 3) Electronic Gambling Taxes Reported Lawsuit – \$21,200;
- 4) Tobacco Settlement Case - \$155,200;
- 5) Snowmobiles in Yellowstone Lawsuit - \$49,000;
- 6) Other - \$47,400.

#### LFD COMMENT

The Department of Justice is requesting 1.00 FTE in the “Elected Official: New Proposals” section to provide support to the tobacco settlement case. The legal support of this case appears to be ongoing, as the department is required by the original settlement to monitor the tobacco market place for new entrants into the state and pursue litigation against those parties that were not part of the original tobacco settlement. The department has expended \$70,126 during FY 2002, \$98,189 during FY 2003, and \$155,183 during FY 2004 to pursue this litigation. The three-year average for this effort is \$107,833 per year, which is 54 percent of the 2005 biennium appropriation.

DP 112 - Exempt staff pay raise reduction - The executive is requesting that exempt staff pay raises be reduced to the FY 2004 base level.

**LFD  
COMMENT**

Please refer to the table entitled Removal of Exempt Staff Pay Raises located in the summary section for an explanation of this amount and the original source of its funding.

**Program Description**

Agency Legal Services Bureau (ALSB) provides legal, hearing examiner, and investigative services to state agency clients on a contract basis. ALSB attorneys and investigators bill clients for their services and case-related and incidental costs. ALSB has 20 FTE funded from the revenues generated. The Attorney General is the legal officer for the state per Article VI, Section 4(4), of the Montana Constitution. Montana Code Annotated 2-4-611(2) provides that state agencies may request from the Attorney General's Office a hearing examiner in a contested case.

**Proprietary Rates**

State agencies have the option to use in-house or private counsel and investigators to do the work provided by ALSB. Private law firms, however, typically charge considerably more per hour than ALSB, and ALSB attorneys and investigators have specific knowledge and experience that agencies find beneficial.

ALSB serves State of Montana agencies, boards, and commissions that have entered into contracts with ALSB. According to Executive Order 5-93, the Legal Services Review Committee approves the use of private counsel by state agencies in lieu of ALSB counsel on a case-by-case basis.

**Revenues and Expenses**Rate Charged

The rate remains the same as that charged during the 2005 biennium at \$71.80 per hour for attorneys and \$39.80 per hour for investigators. Sufficient personnel are necessary to meet the demands placed on ALSB. Staffing is monitored and flexibility in staffing is important to react to peaks and valleys in the workload. The rate takes into account the volume expected, and the known and expected expenditures.

Working Capital Discussion

The objective of program management is to recover costs only to fund necessary, ongoing operations.

Fund Equity and Reserved Fund Balance

While there is no requirement that an excess fund balance be maintained, the program management seeks to build a limited capital reserve fund. Rates are influenced by the working capital necessary to maintain current operations.

Cash Flow Discussion

Cash flow into the program fluctuates depending on the volume of work in any given month, which can vary considerably.

## 2007 Biennium Report on Internal Service and Enterprise Funds 2007

Fund	Fund Name	Agency #	Agency Name	Program Name
6500	Agency Legal Services	4110	Department of Justice	Agency Legal Services

	Actual FY02	Actual FY03	Actual FY04	Budgeted FY05	Budgeted FY06	Budgeted FY07
<b>Operating Revenues:</b>						
Fee revenue						
Agency Fee Revenue	-	-	-	1,200,000	1,400,000	1,400,000
	-	-	-	-	-	-
Net Fee Revenue	1,254,066	1,163,306	1,145,768	1,300,000	1,400,000	1,400,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	117	87	219	-	-	-
Total Operating Revenue	1,254,183	1,163,393	1,145,987	1,300,000	1,400,000	1,400,000
<b>Operating Expenses:</b>						
Personal Services	971,706	986,567	906,761	1,060,189	1,103,191	1,101,478
Other Operating Expenses	258,689	256,753	243,447	291,810	258,397	256,884
Total Operating Expenses	1,230,395	1,243,320	1,150,208	1,351,999	1,361,588	1,358,362
Operating Income (Loss)	23,788	(79,927)	(4,221)	(51,999)	38,412	41,638
<b>Nonoperating Revenues (Expenses):</b>						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	(34,998)	(33,149)
Net Nonoperating Revenues (Expenses)	-	-	-	-	(34,998)	(33,149)
Income (Loss) Before Operating Transfers	23,788	(79,927)	(4,221)	(51,999)	3,414	8,489
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	9,912	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	33,700	(79,927)	(4,221)	(51,999)	3,414	8,489
Total Net Assets- July 1 - As Restated	(35,847)	(2,147)	(82,074)	(86,295)	(138,294)	(134,880)
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	(35,847)	(2,147)	(82,074)	(86,295)	(138,294)	(134,880)
Net Assets- June 30	(2,147)	(82,074)	(86,295)	(138,294)	(134,880)	(126,391)
60 days of expenses						
(Total Operating Expenses divided by 6)	205,066	207,220	191,701	225,333	226,931	226,394

**LFD  
ISSUE**

The Agency Legal Service Bureau (ALSB) is a self-supporting program. The ALSB provides legal service to various state agencies and charges them for this service. The costs of the services should be equal to the costs incurred by the department. However, the actual fund balance as of June 30, 2004 for this effort was a negative \$86,295. Also, the net assets of this program have become increasingly negative over the past several fiscal years. The projected fund balance for FY 2005 is a negative \$138,294, which is an increase of \$51,999 (60 percent) over FY 2004.

The rates for attorney and investigator services were increased at the beginning of the 2005 biennium as follows: attorneys rates were \$70.00 per hour and raised to \$71.80 per hour, and investigator rates were \$38.00 per hour and raised to \$39.80.

**LFD  
ISSUE CONT.**

The lack of self-sufficiency of the ALSB raises several questions:

- Can rates be increased to fully fund the ALSB without an adverse impact on usage? What will the “market” bear in rates?
- Does the ALSB provide work for non-paying clients?
- Is the ALSB charging for all time spent on cases?

The legislature has several options:

- 1) Request that ALSB increase their rates to insure a positive fund balance and a 60-day working capital requirement
- 2) Request that the department research the work that is being done by the program to assure that it is all in support of paying clients and remove any functions that are not provided to a paying client
- 3) Request that the department conduct an analysis of the programs’ client base and cost structure to recommend how to get the program out of a deficit position, and maintain a structural balance

**Program Proposed Budget**

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	43.50	0.00	1.00	44.50	0.00	1.00	44.50	44.50
Personal Services	2,075,704	73,489	56,512	2,205,705	74,086	56,446	2,206,236	4,411,941
Operating Expenses	548,712	1,586,037	45,000	2,179,749	86,914	45,000	680,626	2,860,375
Equipment	85,062	0	0	85,062	0	0	85,062	170,124
Debt Service	4,303	0	0	4,303	0	0	4,303	8,606
<b>Total Costs</b>	<b>\$2,713,781</b>	<b>\$1,659,526</b>	<b>\$101,512</b>	<b>\$4,474,819</b>	<b>\$161,000</b>	<b>\$101,446</b>	<b>\$2,976,227</b>	<b>\$7,451,046</b>
General Fund	464	1,099,536	0	1,100,000	(464)	0	0	1,100,000
State/Other Special	1,929,137	453,593	101,512	2,484,242	114,639	101,446	2,145,222	4,629,464
Proprietary	784,180	106,397	0	890,577	46,825	0	831,005	1,721,582
<b>Total Funds</b>	<b>\$2,713,781</b>	<b>\$1,659,526</b>	<b>\$101,512</b>	<b>\$4,474,819</b>	<b>\$161,000</b>	<b>\$101,446</b>	<b>\$2,976,227</b>	<b>\$7,451,046</b>

**Program Description**

The Gambling Control Division was established by the 1989 Legislature to regulate the gambling industry in Montana. The division has criminal justice authority and conducts routine field inspections and investigations related to gambling activities. In addition to collecting and distributing licensing fees for gambling machines and activities, the division collects the gambling tax assessed on the net proceeds of gambling activities. It conducts investigations related to alcoholic beverage licensing and tobacco enforcement. An appointed Gaming Advisory Council of nine members advises the Attorney General to ensure uniform statewide regulation of gambling activities. State law mandates the gambling control program.

**Program Highlights**

<b>Department of Justice</b> <b>Gambling Control Division</b> <b>Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• Increase of 1.0 FTE in lab machine testing area</li> <li>• Increase of \$1.8 million or 163.6 percent in operating costs for reengineering of Gambling Control Division processes and installation of new information technology – Automated Accounting and Reporting System (AARS)</li> </ul>
<b>Major LFD Issues</b>
<ul style="list-style-type: none"> <li>• Periodic reporting to an interim committee on the progress of AARS</li> <li>• Reduce base adjustments by \$31,080 due to a decrease in the rent estimate by department</li> </ul>

## Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the Governor.

Program Funding Table Gambling Control Division						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01100 General Fund	\$ 464	0.0%	\$ 1,100,000	24.6%	\$ -	-
02074 Gambling License Fee Account	1,929,137	71.1%	2,484,242	55.5%	2,145,222	72.1%
06005 Liquor Division	784,180	28.9%	890,577	19.9%	831,005	27.9%
Grand Total	<u>\$ 2,713,781</u>	<u>100.0%</u>	<u>\$ 4,474,819</u>	<u>100.0%</u>	<u>\$ 2,976,227</u>	<u>100.0%</u>

Primary funding for the Gambling Control Division comes from the revenues generated through licenses and permits for gambling operations, machines, and other gambling activities, as well as license fees for video gambling machine manufactures/distributors. As authorized in 23-5-612, MCA, revenues include 50 percent of the gambling machine permit fee (the other 50 percent goes to the local government) and 100 percent of the machine transfer-processing fee. By statute, the department is to charge \$200 for each video gambling machine permit and \$25 for each machine that transfers ownership. The revenues are deposited into the gambling license fee state special revenue account to be used to operate the division and other agency programs.

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				167,969					168,590
Vacancy Savings				(89,749)					(89,773)
Inflation/Deflation				(5,451)					(5,450)
Fixed Costs				9,592					10,468
<b>Total Statewide Present Law Adjustments</b>				<b>\$82,361</b>					<b>\$83,835</b>
DP 3 - Enhancement of GCD Database and Business Processes									
0.00	1,100,000	340,000	0	1,500,000 *	0.00	0	0	0	0
DP 4 - GCD Base Adjustments									
0.00	0	62,761	0	88,396 *	0.00	0	62,761	0	88,396 *
DP 71 - Exempt pay raise reduction									
0.00	0	(7,974)	0	(11,231)*	0.00	0	(7,974)	0	(11,231)*
<b>Total Other Present Law Adjustments</b>									
<b>0.00</b>	<b>\$1,100,000</b>	<b>\$394,787</b>	<b>\$0</b>	<b>\$1,577,165 *</b>	<b>0.00</b>	<b>\$0</b>	<b>\$54,787</b>	<b>\$0</b>	<b>\$77,165 *</b>
Grand Total All Present Law Adjustments				\$1,659,526 *					\$161,000 *

The increase in personal service costs of \$167,969 in FY 2006 and \$168,590 in FY 2007 is due to: a) pay and benefits for four positions that were vacant during part of the base year but fully funded in the budget; and b) the 25 cent per hour pay increase and insurance adjustment for each staff member as authorized by the 2003 Legislature.

**DP 3 - Enhancement of GCD Database and Business Processes** – The executive is requesting \$1.5 million in funding to reengineer certain business processes and implement new technology to improve service to taxpayers and licensees through an Automated Accounting and Reporting System (AARS). These improvements are intended to develop web entry and electronic payments of taxes and permit fees. This appropriation of \$1.5 million would be biennial and one-



time-only and placed in FY 2006. The request is \$340,000 state special revenue, \$60,000 proprietary funds, and \$1.1 million in general fund.

### LFD COMMENT

#### *History*

In 1993 the Legislative Audit Committee (LAC) conducted a performance audit on the regulation and monitoring of video gambling machines. The report summary found it difficult to verify video gambling machine revenue and taxes paid, as the industry does not always provide adequate documentation with tax returns. The LAC's long-term recommendation was to implement an automated system to monitor activities more thoroughly, efficiently and effectively. The audit stated that any corrective action should improve overall effectiveness of regulatory functions to better meet the intent of Montana's public policy law regarding gambling activities. This is accomplished by providing a level of monitoring which ensures the public, state and gambling industry are protected from unfair and illegal activities.

The 1999 Legislature passed legislation authorizing Gambling Control Division to operate an automated accounting and reporting system (AARS) for video gambling machines for the purpose of collecting and accounting for revenues from gambling taxes and machine permits as per 23-5-637, MCA. A contract was awarded for an AARS but terminated for failure of delivery and the contracting parties reached a negotiated settlement. A request for proposal process followed with a recommendation for a WEB entry type system that would support electronic tax reporting, permitting and commerce.

Goals of the system include:

- Ensure gambling is being conducted in a legal manner by authorized individuals
- Speed up investigation of applicants and the issuance gambling licenses and permits to qualified applicants
- Collect and account for revenues from video gambling machine taxes and permits
- Correct the customer service deficiency of not supporting credit card or electronic payment from video gambling machine licensees

### LFD ISSUE

As stated above, the development of an AARS has had a very checkered history. The state has expended a significant amount of time and resources, with little of value to show. Therefore, the legislature may wish to have a process in place where the appropriate interim legislative committee reviews periodic project reports that include a project beginning date and ending date, with key milestones identified by dollar value. The legislature may also wish to require an analysis by the department of anticipated and actual additional revenue collections as a result of this effort.

DP 4 - GCD Base Adjustments - The executive requests an increase over base operating expenses to pay overtime to the technical services unit, annualize operating expenses for positions held vacant for all or part of the base year, provide authorization for out of country travel for the purpose of investigating license applications from foreign gambling machine manufactures, provide training to help in the conduct of investigations into illegal gambling, and provide for increases in rent expense to cover increases provided for in existing contracts.

### LFD COMMENT

#### *Base Adjustment Details*

##### Overtime

Overtime is zero based and the department must budget for this item as required. Overtime is accumulated by technical services during peak work periods. The amount requested for overtime is \$6,500 each fiscal year and is commensurate with base expenditures.

**LFD  
COMMENT  
CONT.**Operating Expenditures

Funds are requested to annualize operating expenses for four positions vacant for the majority of the base year. The division filled three of the four positions late in FY 2004 and anticipates re-filling the fourth position in the coming biennium. The amount requested for operating expenditures is \$27,607 for FY 2006 and \$26,707 for FY 2007.

Foreign Travel

The division estimates there could be up to three license applications from foreign manufacturers per year requiring travel to other countries. There were no trips out of country for this purpose in the base year. Every license applicant reimburses the division for the total cost of each investigation including any out of country travel. This request is based on three trips per year to areas such as Canada, Japan, South Korea, and Australia. The amount requested for out of country travel is \$16,350 for FY 2006 and \$16,500 for FY 2007.

Training

The division requests an investigator with additional training to conduct Internet gambling investigations. The amount requested is \$4,253 for FY 2006 and \$4,253 for FY 2007.

Rent

Due to contractual obligations and an estimate for one contract that will be renegotiated in the coming biennium, the division requests an increase in rent expense for the biennium. This amount includes an inflation factor in the rental agreement of \$17,042. It also includes an estimated increase for the Helena Central Office of \$20,000 and a rent expense to reopen certain district offices of \$31,080. The amount requested is \$33,686 for FY 2006 and \$34,436 for FY 2007.

**LFD  
ISSUE**

Certain district offices will not be reopened. Therefore, the DP can be reduced by \$31,080.

**LFD  
ISSUE**

The legislature may wish to restrict the appropriation of \$32,850 for foreign travel and make it a one-time-only expenditure

DP 71 - Exempt pay raise reduction - The executive is requesting that exempt staff pay raises be reduced to the FY 2004 base.

**LFD  
COMMENT**

Please refer to the table entitled Removal of Exempt Staff Pay Raises located in the summary section for an explanation of this amount and the original source of its funding.

**New Proposals**

New Proposals										
-----Fiscal 2006-----						-----Fiscal 2007-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5 - Change Appropriation for Lab Machine Testing										
07	1.00	0	56,512	0	56,512	1.00	0	56,446	0	56,446
DP 6 - Request Authority To Pay ID Bureau										
07	0.00	0	45,000	0	45,000	0.00	0	45,000	0	45,000
Total	1.00	\$0	\$101,512	\$0	\$101,512 *	1.00	\$0	\$101,446	\$0	\$101,446

DP 5 - Change Appropriation for Lab Machine Testing - The executive is requesting the elimination of the statutory appropriation for the lab machine testing fees and the transfer of the position and related expenses to the HB2 appropriation. There is no increase or decrease in FTE or related expenses resulting from the adoption of this proposal. Machine test fees would be deposited in the current state special revenue account and program costs funded from this account.

**LFD COMMENT**

When this function was originally set up the volume of testing, the life of the equipment and software, and the level of revenues and expenditures were uncertain. The division feels that these items can now be more readily estimated and controlled.

This change would require a statutory change, and LC 0324 has been drafted for introduction in the 2005 legislative session.

DP 6 - Request Authority To Pay ID Bureau - The executive requests authority to pay the Identification Bureau to process fingerprint cards for license applicant background checks. Currently the division collects the fees from gambling and liquor license applicants on behalf of the ID Bureau to process fingerprint background checks. The division then deposits these fees into an ID Bureau account, and reconciles fund deposits with all accounting of fingerprints processed. To make the process more efficient, the division would like to be able to collect fees, deposit them into the gambling state special revenue account, and then pay the bureau when they process the fingerprints.

**LFD COMMENT**

This proposal is to allow the Justice's Information Technology Department (ITD) to do fingerprinting for Gambling Control for license applications for video machines that would, in turn, pay ITD for this service. The estimate assumed that 1,400 fingerprint background checks would be done per year at \$32 per person. During the base year 1,200 checks had been accomplished and the department is on pace to do 1,250 in FY 2005.

**Program Proposed Budget**

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	151.00	2.00	(1.00)	152.00	2.00	(1.00)	152.00	152.00
Personal Services	4,510,760	662,927	(32,418)	5,141,269	660,604	(32,329)	5,139,035	10,280,304
Operating Expenses	3,898,236	73,737	50,000	4,021,973	(77,128)	0	3,821,108	7,843,081
Equipment	36,616	(3,801)	0	32,815	(28,801)	0	7,815	40,630
Capital Outlay	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	224,731	2,282,847	0	2,507,578	(67,153)	0	157,578	2,665,156
<b>Total Costs</b>	<b>\$8,670,343</b>	<b>\$3,015,710</b>	<b>\$17,582</b>	<b>\$11,703,635</b>	<b>\$487,522</b>	<b>(\$32,329)</b>	<b>\$9,125,536</b>	<b>\$20,829,171</b>
General Fund	4,925,852	687,947	(32,418)	5,581,381	504,047	(32,329)	5,397,570	10,978,951
State/Other Special	3,744,491	2,327,763	0	6,072,254	(16,525)	0	3,727,966	9,800,220
Proprietary	0	0	50,000	50,000	0	0	0	50,000
<b>Total Funds</b>	<b>\$8,670,343</b>	<b>\$3,015,710</b>	<b>\$17,582</b>	<b>\$11,703,635</b>	<b>\$487,522</b>	<b>(\$32,329)</b>	<b>\$9,125,536</b>	<b>\$20,829,171</b>

**Program Description**

The Motor Vehicle Division (MVD), under provision of Title 61 and Title 23, MCA, and certain federal statutes, is responsible for:

- 1) Examination and licensure of all drivers
- 2) Creation and maintenance of permanent driver and motor vehicle records
- 3) Titling and registration of all vehicles including boats, snowmobiles and ATVs
- 4) Inspection and verification of vehicle identification numbers
- 5) Licensure and compliance control of motor vehicle dealers and manufacturers
- 6) Providing motor voter registration

**Program Highlights**

<b>Department of Justice</b> <b>Motor Vehicle Division</b> <b>Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>The net increase of 1.00 FTE over the base budget is due to proposals to: <ul style="list-style-type: none"> <li>Hire 2.00 FTE as Training Specialists</li> <li>Remove 1.00 FTE due to Governor's FTE reduction</li> </ul> </li> <li>\$2.3 million increase in state special revenue is for interest on borrowings for the process reengineering and installation of new information technology</li> </ul>
<b>Major LFD Issues</b>
<ul style="list-style-type: none"> <li>The requested appropriation for interest on borrowed funds for the reengineering of processes and installation of new information technology in the Motor Vehicles Division may be overstated</li> </ul>

**Funding**

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the Governor.

Program Funding Table						
Motor Vehicle Division						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01100 General Fund	\$ 4,925,852	56.8%	\$ 5,581,381	47.7%	\$ 5,397,570	59.1%
02225 Mvd Inform Tech System Hb577	67,153	0.8%	350,000	3.0%	-	-
02422 Highways Special Revenue	3,669,706	42.3%	3,722,254	31.8%	3,727,966	40.9%
02545 Organ Donor Registry	7,632	0.1%	-	-	-	-
02798 Mvd It System - Hb261	-	-	2,000,000	17.1%	-	-
06080 Mvd/State Information Portal	-	-	50,000	0.4%	-	-
Grand Total	<u>\$ 8,670,343</u>	<u>100.0%</u>	<u>\$ 11,703,635</u>	<u>100.0%</u>	<u>\$ 9,125,536</u>	<u>100.0%</u>

The Motor Vehicle Division is supported by the general fund and state special funds. State special funds come primarily from the Highway State Special Revenue Account (HSRA).

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----						-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					796,711					794,472
Vacancy Savings					(212,308)					(212,196)
Inflation/Deflation					(87,202)					(87,214)
Fixed Costs					798					7,131
Total Statewide Present Law Adjustments					\$497,999					\$502,193
DP 8 - Base Adjustments MVD Field Operations Bureau										
	2.00	86,048	57,366	0	143,414	2.00	79,484	52,989	0	132,473
DP 10 - Base Adjustments for HB 577 Debt Payments										
	0.00	0	282,847	0	282,847	0.00	0	(67,153)	0	(67,153)
DP 11 - Required New General Issue License Plates - OTO										
	0.00	192,470	0	0	192,470	0.00	0	0	0	0
DP 36 - Base Adjustments MVD Title and Registration Bureau										
	0.00	41,198	27,465	0	68,663	0.00	53,815	35,877	0	89,692
DP 37 - Base Adjustments for HB 261 Debt Payments										
	0.00	0	2,000,000	0	2,000,000	0.00	0	0	0	0
DP 121 - Eliminate OTO Organ Donor Registry										
	0.00	0	(7,632)	0	(7,632)	0.00	0	(7,632)	0	(7,632)
DP 123 - HB261 One time backfill costs reduction										
	0.00	(40,205)	0	0	(40,205)	0.00	(40,205)	0	0	(40,205)
DP 124 - Field Ops - One time only expenditure reduction										
	0.00	(43,045)	0	0	(43,045)	0.00	(43,045)	0	0	(43,045)
DP 125 - Records/Drvs Control - one time cost reduction										
	0.00	(28,801)	0	0	(28,801)	0.00	(28,801)	0	0	(28,801)
DP 126 - Title & Regis. - One time expenditure reduction										
	0.00	(50,000)	0	0	(50,000)	0.00	(50,000)	0	0	(50,000)
Total Other Present Law Adjustments										
	2.00	\$157,665	\$2,360,046	\$0	\$2,517,711	2.00	(\$28,752)	\$14,081	\$0	(\$14,671)
Grand Total All Present Law Adjustments					\$3,015,710					\$487,522

The increase in personal services costs of \$796,711 in FY 2006 and \$794,472 in FY 2007 is mostly due to: a) pay and benefits for positions that were vacant during part of the base year but fully funded in the budget; b) reclassifications of certain positions to higher levels towards the end of the base year; and c) the 25 cent per hour pay increase and insurance adjustment for each staff member as approved by the 2003 Legislature.

Other Present law adjustments consist of:

DP 8 - Base Adjustments MVD Field Operations Bureau – The executive is requesting certain base budget adjustments in the Motor Vehicle Division – Field Operations Bureau. The division requests 2.00 FTE as training and development specialists. The division also requests funding for overtime, consulting services, computer processing, postage, rent vehicles repairs, and scanner maintenance contracts. The executive requests increases to the base of \$143,414 for FY 2006 and \$132,473 for FY 2007.

### LFD COMMENT

#### *Base Adjustment Details*

2.0 FTE Training and Development Specialists - \$68,524 in FY 2006 and \$68,328 in FY 2007

The department requests funding for personal services salaries and benefits for 2.00 FTE to provide additional training resources to train driver licensing and driver control staff and develop a training curriculum.

Overtime - \$5,000 in FY 2006 and FY 2007

The department requests overtime for division personnel providing driver licensing examination services. MVD spent \$4,683 in overtime in FY 2004 and requests \$5,000 for both FY 2006 and FY 2007. All overtime is removed from the base and must be specifically requested in order to be funded.

Consulting Services - \$20,600 in FY 2006 and \$5,600 in FY 2007

There are two request for contract services:

- 1) A request for proposal process (RFP) to help the department define the requirements for the digital driver licensing and identification process. A one-time increase of \$15,000 is requested in FY 2006.
- 2) Additionally, contract services were established in late FY 2004 for the processing and preparation of driver license renewal notices at \$0.08 each for the card, processing, printing, and preparation for mailing. To annualize this contract service an increase of \$5,600 annually is requested.

Computer Processing – non Department of Administration (DOA) - \$3,000 in each fiscal year

The department requests funds for a computer process necessary to implement the online verification of each licensed driver's social security number with the Social Security Administration.

Postage - \$1,808 in each fiscal year

The department is requesting that postage, related to HB 711 passed by the 2003 Legislature, to provide for driver license expiration mail renewal notices, be annualized.

Rent – non Department of Administration (DOA) - \$21,343 in FY 2006 and \$25,598 in FY 2007

The department requests an increase in rent provided by non – DOA landlords. Many of the lease contracts for field driver licensing offices contain annual increases of 3 percent or more.

**LFD  
COMMENT  
CONT.**Vehicles – Passenger Repairs - \$4,000 in each fiscal year

The division requests fund for repairs to its state owned vehicle fleet. This fleet has increased from 21 to 27 vehicles.

Maintenance Contracts - \$19,139 in each fiscal year

The department requests ongoing maintenance contracts:

- 1) The first request is for \$5,250 for scanning equipment for drivers' history records.
- 2) The second is for \$13,889 for telephone and on-site support provided to twenty users when it is necessary to locate and correct problems with hardware and software.

DP 10 - Base Adjustments for HB 577 Debt Payments - The executive requests budget authority for interest payments on borrowed funds related to the Motor Vehicle System, Phase One, Titling System project (MVD Project) as provided by HB 577 passed by the 2001 Legislature. The executive requests \$350,000 in state special revenue authority as a biennial appropriation in FY 2006.

As stated, in 2001, the Legislature passed HB 577, which authorized the Department of Justice to secure a \$4.5 million loan from the Board of Investments for the purpose of financing the MVD Project. The MVD Project is the first phase of several phases and it included: 1) an in-depth analysis of the existing systems and processes; 2) looking at all aspects of the motor vehicle titling processes; 3) design of the forthcoming best practices for the new system; 4) development of a complete transition plan from the existing system to the new system; and 5) implementation of the best practices.

As requested by the Department of Justice, the Board of Investments initiated the \$4.5 million loan in FY 2002 under the INTERCAP loan program. The Department of Justice will repay this debt using a state special revenue account funded through a \$4 increase in lien filing fees. The revenue projections were based upon 157,324 lien-filing fees received in the first year of the program plus an annual growth rate of 0.75 percent. At this rate this fee would generate \$629,300 in the first year.

During the 2005 biennium the Department of Justice received a biennial appropriation of \$1,296,000 in state special revenues for debt service and system acquisition needs as authorized by the 2001 Legislature. In FY 2004, state accounting policy changed to only require appropriation authority for interest payments and not for principal. Therefore, the Department of Justice is only asking for a biennial appropriation of \$350,000 for the 2007 biennium to make the interest payments on this debt.

**LFD  
ISSUE**

This decision package requests a \$350,000 biennial appropriation to pay the interest on borrowed funds for FY 2006 and FY 2007. The line item shows \$282,847 in FY 2006, which is the \$350,000 less the amount in the base of \$67,153. The negative \$67,153 in FY 2007 removes the base amount.

Terms of the Borrowing

Amount Borrowed: The project has borrowed the full amount of \$4.5 million as of the end of FY 2004.

Loan Amortization Period: 10-years, which starts at the date of the first borrowing. The department now has a set 10-year amortization schedule with the Board of Investments, which began on September 2001. Debt payments began in FY 2004 and will end on August 15, 2011.

**LFD  
ISSUE  
CONT.**

Interest Rate: The interest rate on this borrowing is reset in February of each year and is based upon market conditions for this type of loan. The interest rate that was set in February 2004 was 2.7 percent per annum.

Issues

- 1) Assuming a 2.7 percent per annum interest rate, the interest expense for FY 2006 and FY2007 would be \$96,819 and \$82,484, respectively, for a total of \$179,304. However, the department is requesting \$350,000 to allow for upward fluctuations in the interest rate. There will be no changes in the amounts borrowed since the funds are fully borrowed and the amortization of the loan has been set. The only variable on this loan is the rate of interest.
  - Option 1: The legislature may direct that the agency adopt the current rate of interest for the 2007 biennium and set the appropriation at \$179,304
  - Option 2: The legislature may request that the agency use a different rate of interest for February 2005 and February 2006 as supplied by the Board of Investment or some other authoritative agency and recalculate the amount based upon these assumption.
- 2) The legislature may wish to restrict the use of this appropriation to the payment of interest on this debt.

**LFD  
COMMENT**

A complete discussion of the Team 261 project, which includes the HB 557 process, can be found in the summary section of this analysis.

DP 11 - Required New General Issue License Plates - OTO - The executive requests a one-time present law base adjustment of \$192,470 in general fund for FY 2006. Montana State Prison Industries will also incur additional one-time costs generated by the new general issue license plates. Revenues received from the sale of the plates will offset these production costs. Section 61-3-332(4)(b), MCA, requires the manufacture and issuance of new general issue motor vehicle license plates beginning January 1, 2006.

**LFD  
COMMENT**

New General Issue License Plates – The department will incur the cost of designing the new plate, issuing renewal notices and delivery of the new plates to the counties.

The cost estimate includes:

Consulting

Professional services for the development and design of the new general issue license plate are requested at \$5,000 in FY 2006.

Secretarial Services

Temporary administrative support will process the more than 120,000 new plate renewal notice cards for personalized license plates in 2006 and to backup staff who will be making the deliveries. An increase is requested in FY 2006 of \$18,700.



**LFD  
COMMENT  
CONT.**Printing, Publications and Graphics

Each new general issuance of license plates requires the processing of more than 120,000 new personalized plate renewal orders, the purchase of 1.1 million additional decals marking the month of the license expiration for law enforcement, and the delivery of more than 1.1 million license plates statewide for all 56 counties. A total increase of \$101,920 for FY 2006 is requested and includes:

- Decals: \$82,720 in FY 2006 for 1.1 million decals X \$0.0752/decals.
- Renewal Notice Cards: The new issue of license plates requires 120,000 new plate renewal notice cards for each personalized license plate currently issued at an estimated increase of \$1,200 in FY 2006.
- Special License Plate Envelopes: The new issue of license plates requires approximately 400,000 additional special license plate envelopes at an increase of \$18,000 in FY 2006.

Gasoline

A heavy-duty delivery truck with a lift is used to deliver the new license plates statewide to the 56 county treasurers. An increase for gasoline in FY 2006 of \$3,900 is requested (10,000 miles / 5 miles per gallon x \$1.95 per gallon = \$3,900)

Postage

Approximately 120,000 new plate renewal notice cards for each personalized license plate currently issued will be mailed to each personalized license plate holder to confirm the holder's desire to order the new issue personalized license plate. An increase in postage of \$25,200 in FY 2006 is requested.

United Parcel Service

The executive requests \$7,700 in FY 2006 for distribution of specialty license plates to the counties.

In-State Travel

Individuals will participate in a task force responsible for the new general issue plate design, and others will travel to deliver new plates. An increase in travel in FY 2006 is requested as follows:

- In-state lodging of \$1,950 in FY 2006
- In-state meals over-night of \$3,100 in FY 2006

Autos and Trucks

The current pickup utilized for deliveries has long ago reached its expected usable life and will need to be replaced prior to the increased delivery schedule and loads required by the new plate issue. A one-ton 4 x 4 with a covered pickup bed and a lift to replace the existing vehicle is essential to the timely delivery of the license plates to the 56 county treasurers offices statewide. The weight of the license plates makes the costs not feasible to utilize commercial freight; therefore, the division utilizes state resources to complete these deliveries. An increase in FY 2006 of \$25,000 is requested to purchase a one-ton 4 x 4 truck with a covered bed.

**LFD  
COMMENT**

The department estimates that general fund revenues will increase by approximately \$3,000,000 in FY 2006 and \$3,000,000 FY 2007 due to new plate fees.

DP 36 - Base Adjustments MVD Title and Registration Bureau - The executive is requesting certain base budget adjustments in the Motor Vehicle Division – Title and Registration Bureau. This decision package requests increases to the base of \$68,663 for FY 2006 and \$89,692 for FY 2007.

**LFD  
COMMENT**

The adjustments are as follows:

- 1) Personnel Services - Overtime - Overtime is removed from the base and must be specifically requested. Overtime is requested at \$5,000 in both FY 2006 and FY 2007. This compares to \$13,606 that was expended for overtime for FY 2004.
- 2) Legal Fees and Court Costs - Administrative action was initiated in FY 2004 for more than 80 motor vehicle dealers that were not in compliance with state statutes and rules. Five cases are expected to result in legal action, each with an annual estimated cost of \$1,500. An increase of \$7,500 is requested in both FY 2006 and FY 2007.
- 3) Printing/Publications and Graphics - Ongoing Operating Costs -- Cost of license plate decals increased from \$0.042/decals in FY 2000 to \$0.061/decals in FY 2004 -- an average annual increase of 11 percent. Assuming the same rate of price increases, the cost for each decal would be \$0.0752 in FY 2006 and \$0.0834 in FY 2007. Approximately 2 million expiration decals are issued each year. An increase for expiration decals of \$28,400 is requested in FY 2006 and \$44,800 in FY 2007.
- 4) Postage - Renewal registration notification for more than 65,600 large trucks will be added to the annual mail renewal notice process in calendar year 2005, providing mail renewal notices for all motor vehicles required to register annually as provided by 61-3-535, MCA. Postage costs will increase \$15,100 in FY 2006 and \$15,800 in FY 2007.
- 5) Telephone Equipment Maintenance -- The ongoing maintenance contract for this equipment was effective July 2004 at the monthly rate of \$428.70. A total increase of \$5,144 is requested in FY 2006 and FY 2007.
- 6) Rent - The lease for the building occupied by the Title and Registration Bureau in Deer Lodge expires November 2005. The FY 2004 cost of \$123,460 is expected to increase 3 percent per year to \$130,979 in FY 2006 and \$134,908 in FY 2007. An increase of \$7,519 in FY 2006 and \$11,448 in FY 2007 is requested.

DP 37 - Base Adjustments for HB 261 Debt Payments - The executive requests budget authority for interest payments on borrowed funds related to the HB 261 funded Motor Vehicle System, Phase Two, Vehicle Registration and Driver Licensing/Driver Control System project. The executive requests \$2,000,000 in state special revenue authority as a biennial appropriation in FY 2006.

In 2003, HB 261 authorized the Department of Justice (DOJ) to secure an \$18 million loan from the Board of Investments for the purpose of financing the Motor Vehicle System - Phase Two - Vehicle Registration and Driver Licensing/Driver Control project. This second phase included: an in-depth analysis of the existing systems and processes, looking at all aspects of the motor vehicle registration, driver licensing, and driver control processes; design of the forthcoming best practices for the new system for those titling processes; development of a complete transition plan from the existing arrangement to a fully implemented new Motor Vehicle System; and implementation of the best practices for motor vehicle registration and driver licensing/driver control.

During FY 2004 the Board of Investments initiated the \$18 million loan to finance the HB 261 motor vehicle registration and driver licensing/driver control information technology system under the INTERCAP loan program. A 10-year repayment schedule for this debt was established utilizing a state special revenue account funded through a \$5 increase in titling fees. The revenues were projected based upon 449,914 basic title, dealer title only, duplicate title, and lien release title paid title filing fees received in calendar 2003 plus an annual growth rate of 2 percent.

A biennial appropriation of \$4,400,000 in state special revenues for debt service and system acquisition needs was authorized by the 2003 Legislature. The initial debt service payment was made in FY 2005. In FY 2004, state accounting policy changed to only require appropriation authority for interest payments (not principal). A biennial amount of \$2,000,000 is requested to meet the interest debt obligation.

**LFD  
ISSUE**

This decision package requests a \$2,000,000 biennial appropriation to pay the interest on borrowed funds for FY 2006 and FY 2007.

*Terms of the Borrowing*

**Amount Borrowed:** The project can borrow up to \$18.0 million as authorized by HB 261 passed by the 2003 Legislature. The department estimates that it will borrow approximately \$2.5 million by the end of December 31, 2004 and the remainder during the 2007 biennium.

**Loan Amortization Period:** 10-years, which starts at the date of the first borrowing. The department does not have a set 10-year repayment schedule because the full amount has not yet been borrowed. However, the first borrowing was in FY 2004 and once the schedule is set the payments will end in FY 2015.

**Interest Rate:** The interest rate on this borrowing is reset each year in February and is based upon market conditions for this type of loan. The interest rate that was used in the department's projections was 4.42 percent per annum. This was the 10-year average interest rate on the state's INTERCAP loan program.

**LFD  
ISSUE***Issues*

Assuming a 4.42 percent per annum interest rate, the interest expense for FY 2006 and FY 2007 would be \$341,724 and \$609,632, respectively for a total of \$951,356. However, the department is requesting \$2,000,000 to allow for upward fluctuations in the interest rate or for increased borrowings above that assumed in the projections.

- Option 1: The legislature may direct that the agency adopt the current rate of interest and set the appropriation at \$951,356
- Option 2: The legislature may request that the agency use a different rate of interest for each fiscal year as supplied by the Board of Investments or some other authoritative agency and calculate the amount based on these assumptions

The legislature may wish to restrict the use of this appropriation to the payment of interest on this debt.

**LFD  
COMMENT**

A complete discussion of the Team 261 project, which includes the HB 261 process, can be found in the summary section of this analysis.

DP 121 - Eliminate OTO Organ Donor Registry - The executive requests the elimination of the FY 2004 one-time-only startup organ donor registry expenses. Ongoing costs for the monthly updates to the organ donor registry are included in the present law budget.

DP 123 - HB261 One time backfill costs reduction - The executive requests the removal of \$40,205 from the base in FY 2006 and FY 2007 for funds to pay a contractor for supporting the HB 261 project. This project is the reengineering of processes and the installation of new technology in the motor vehicle titling and registration area. In FY 2004 the project hired contractors to support the project. For the 2007 biennium the positions are budgeted in HB 2 so contractor expenditures are not necessary.

DP 124 - Field Ops - One time only expenditure reduction - The executive is requesting the removal of \$43,045 in each of FY 2006 and FY 2007 for remodeling of the Billings driver licensing facility in FY 2004. Since this was the base year this amount carried over to FY 2006 and FY 2007. These remodeling costs are one-time-only expenses that can be removed from the base as prior general fund expenditures.

DP 125 - Records/Drvs Control - one time cost reduction - The executive recommends the removal of \$28,801 in each of FY 2006 and FY 2007. These funds are in the FY 2004 base and were used for a one-time purchase of modular workstations for a work area in the Records and Drivers Control Bureau.

DP 126 - Title & Regis. - One time expenditure reduction - The executive requests a reduction of \$50,000 in each of FY 2006 and FY 2007 for the purchase of additional postage in the base year FY 2004. This purchase was to insure that an adequate amount of postage would be available for the next fiscal year. This was a one-time-only expenditure for FY 2004. The 2007 biennium contains a postage request considered adequate for this period.

### New Proposals

New Proposals										
Program	FTE	Fiscal 2006				Fiscal 2007				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 12 - MV Proprietary Account Spending Authority										
12	0.00	0	0	0	50,000 *	0.00	0	0	0	0
DP 127 - Statewide FTE Reduction										
12	(1.00)	(32,418)	0	0	(32,418)	(1.00)	(32,329)	0	0	(32,329)
Total	(1.00)	(32,418)	\$0	\$0	\$17,582 *	(1.00)	(32,329)	\$0	\$0	(32,329)

DP 12 - MV Proprietary Account Spending Authority - The executive is requesting authority for proprietary funds to cover the cost of development, maintenance, and distribution of information in the state's motor vehicle and driver licensing database applications. A biennial spending authorization in the amount of \$50,000 is requested. The 2003 Legislature passed HB 767, which revised the laws governing the release of information amending 61-11-105, MCA. This statute provides for a convenience fee and allows for the use of a point of entry for electronic government services.

#### LFD COMMENT

The department charges certain fees to authorized vendors that access various databases. These vendors go to a "point of entry" on the Discovering Montana web site to access these databases. The vendors are looking for motor vehicle or insurance information to assist them in their businesses. The department is authorized to charge the fee for this access as per 61-11-105, MCA. This request is asking for the approval of the appropriation to spend the fees that are collected to pay for enhancements and maintenance to the databases that are being accessed.

DP 127 - Statewide FTE Reduction - The OBPP is proposing the continuance of a 2003 session HB 2 directive to lessen general funded personal services. The department plans to remove 1.00 FTE that was in the drivers rehabilitation program.

**Program Proposed Budget**

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	274.55	0.00	(7.38)	267.17	0.00	(10.50)	264.05	264.05
Personal Services	13,566,678	822,355	(133,226)	14,255,807	824,079	(199,496)	14,191,261	28,447,068
Operating Expenses	4,636,800	1,470,047	(240,937)	5,865,910	(506,689)	(333,981)	3,796,130	9,662,040
Equipment	1,379,551	168,504	(49,626)	1,498,429	234,360	(67,244)	1,546,667	3,045,096
<b>Total Costs</b>	<b>\$19,583,029</b>	<b>\$2,460,906</b>	<b>(\$423,789)</b>	<b>\$21,620,146</b>	<b>\$551,750</b>	<b>(\$600,721)</b>	<b>\$19,534,058</b>	<b>\$41,154,204</b>
State/Other Special	18,718,765	2,330,804	282,469	21,332,038	435,240	380,053	19,534,058	40,866,096
Federal Special	864,264	130,102	(706,258)	288,108	116,510	(980,774)	0	288,108
<b>Total Funds</b>	<b>\$19,583,029</b>	<b>\$2,460,906</b>	<b>(\$423,789)</b>	<b>\$21,620,146</b>	<b>\$551,750</b>	<b>(\$600,721)</b>	<b>\$19,534,058</b>	<b>\$41,154,204</b>

**Program Description**

The Highway Patrol Division (HPD) is responsible for patrolling the highways of Montana, enforcing traffic laws, and investigating traffic crashes. The patrol gives assistance and information to motorists and first aid to those injured in traffic crashes, transports blood and medical supplies in emergency situations, and assists other law enforcement agencies when requested. The patrol provides 24-hour-a-day, seven-day-a-week communication and radio dispatch for the Highway Patrol and other state agencies. The Motor Carrier Safety Assistance program (MCSAP) attempts to reduce commercial motor vehicle accidents in the state by participating in the Commercial Vehicle Safety Alliance (CVSA) and its North American Driver/Vehicle Inspection program, which includes all levels of inspections as well as safety review audits.

**Program Highlights**

<b>Department of Justice</b> <b>Highway Patrol Division</b> <b>Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• Net decrease of 10.50 FTE due to the transfer of the Motor Carrier Safety Assistance Program and 12.50 FTE to Department of Transportation, offset by the addition of 2.00 FTE for the “new entrant” program</li> <li>• State special fund increase of \$3.4 million is primarily due to <ul style="list-style-type: none"> <li>• \$2.1 million in base adjustments</li> <li>• \$0.9 million to restore vacancy savings</li> <li>• \$0.2 million in prisoner per diem</li> </ul> </li> </ul>

**LFD  
COMMENT**

There is a draft bill referred to as LC 125 that was drafted by the State Administration and Veterans' Affairs Interim Committee, which is expected to be introduced to the 2005 Legislature to address highway patrol pay issues. The Montana Highway Patrol (MHP) presented information to the committee that showed that that average entry wage for MHP officers was significantly less than the entry wage for sheriff's deputies and municipal police officers in eight of Montana's most populous areas. The current beginning wage for a MPH officer is \$12.90 per hour compared to the average in the eight counties of \$16.52 per hour. The MHP stated that this fact has led to significant turnover in officers. A survey conducted by the MHP found that 35 officers left the force in the past five years to join a local law enforcement agency.

**Funding**

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the Governor.

Program Funding Table Highway Patrol Division						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
02003 Misc Grants And Nrd	\$ 91,420	0.5%	\$ 147,776	0.7%	\$ 147,751	0.8%
02422 Highways Special Revenue	18,627,345	95.1%	21,184,262	98.0%	19,386,307	99.2%
03166 Mcsap-Truck Inspection Program	864,264	4.4%	288,108	1.3%	-	-
Grand Total	<u>\$ 19,583,029</u>	<u>100.0%</u>	<u>\$ 21,620,146</u>	<u>100.0%</u>	<u>\$ 19,534,058</u>	<u>100.0%</u>

The Highway Patrol Division is funded primarily from the highways state special revenue account, which receives most of its revenue from fuel taxes and gross vehicle weight (GVW) fees. The Motor Carrier Safety Assistance Program is funded with 85 percent federal funds from the U.S. Department of Transportation, combined with 15 percent state match. Although the actual requirement is 20 percent, utilizing highway patrol officers to conduct truck inspections for the federal government provides 5 percent of the match required. The remainder comes from highways state special revenue funds.

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				599,624					601,405
Vacancy Savings				(566,650)					(566,707)
Inflation/Deflation				(33,759)					(33,798)
Fixed Costs				51,632					51,872
<b>Total Statewide Present Law Adjustments</b>				<b>\$50,847</b>					<b>\$52,772</b>
DP 13 - Base Adjustment MHP Operations									
0.00	0	923,143	0	923,143	0.00	0	1,017,204	0	1,017,204
DP 14 - Base Adjustments MCSAP									
0.00	0	22,129	388,517	410,646	0.00	0	18,769	375,077	393,846
DP 38 - Base Adjustment Recruit School									
0.00	0	21,083	0	21,083	0.00	0	21,083	0	21,083
DP 131 - Exempt staff pay raise reduction									
0.00	0	(9,903)	0	(9,903)	0.00	0	(9,903)	0	(9,903)
DP 132 - Biennial appropriation for prisoner per diem									
0.00	0	1,065,090	0	1,065,090	0.00	0	(923,252)	0	(923,252)
<b>Total Other Present Law Adjustments</b>									
<b>0.00</b>	<b>\$0</b>	<b>\$2,021,542</b>	<b>\$388,517</b>	<b>\$2,410,059</b>	<b>0.00</b>	<b>\$0</b>	<b>\$123,901</b>	<b>\$375,077</b>	<b>\$498,978</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$2,460,906</b>					<b>\$551,750</b>

The increase in personal service costs of \$599,624 in FY 2006 and \$601,405 in FY 2007, is mostly due to: a) pay and benefits for 51 uniformed and 24 civilian positions (mostly at the communications center) that were vacant during part of the base year but fully funded in the budget, and b) the 25 cent per hour pay increase and insurance adjustment for each staff member as approved by the 2003 Legislature.

Other Present law adjustments consist of:

DP 13 - Base Adjustment HPD Operations – The executive requests an increase of \$923,143 in FY 2006 and \$1,017,204 in FY 2007 in the stated special revenues for the Montana Highway Patrol budget. This budget supports the uniformed officers in seven districts, officers and support staff in the Helena headquarters, the aircraft unit, radio technicians, and the communication center (dispatch) in Helena.

#### LFD COMMENT

#### *Base Adjustment Details*

#### Overtime - \$488,125 for FY 2006 and \$488,125 for FY 2007

Overtime is requested for uniformed personnel, civilian personnel and communication system operators (dispatchers), as well as "special overtime" for traffic control in the filming of movies and commercials, bike trips, DUI Task Force activities, construction zones and other emergencies. The HPD spent \$445,913 in overtime in FY 2004. Because overtime is a zero based item, the entire amount must be requested. The HPD had 19 uniformed vacancies in FY 2004 and is requesting \$42,212 to cover those positions for regular and special overtime.

**LFD  
COMMENT  
CONT.**Gasoline - \$66,190 for FY 2006 and \$66,190 for FY 2007

The Highway Patrol used 348,345 gallons of gas in FY 2004. The HPD is requesting that funding be added to the budget to allow another 36,772 gallons to cover 19.00 FTE (all patrolmen) that were vacant during the base year. The Highway Patrol spent \$516,451 on gas in FY 2004.

Rent - Non-DOA Buildings - \$57,124 for FY 2006 and \$63,729 for FY 2007

The Highway Patrol pays annual lease rents for radio tower sites. The HPD spent \$44,743 in FY 2004 for these lease rents around the state. The increase is requested due to anticipated increases of seven percent on existing sites and the addition of sites.

Maintenance Contracts - \$160,000 for FY 2006 and \$164,800 for FY 2007

The HPD completed its Computer Aided Dispatch and Records Management System and a portion of the mobile data terminal program. The systems development and implementation were funded with a federal grant. The ongoing maintenance is the responsibility of the HPD.

Equipment Autos and Trucks - \$151,704 for FY 2006 and \$234,360 for FY 2007

The HPD surpluses patrol vehicles when the mileage is between 90,000 and 100,000(+) miles. To maintain the current fleet, 63 vehicles are replaced each year (one-third of the fleet). Industry representatives informed the HPD that the increase in cost for these vehicles is six percent per year. The average vehicle cost in FY 2004 was \$19,474. The HPD is projecting vehicles to cost \$21,882 in FY 2006 and \$23,194 in FY 2007. The HPD spent \$1,226,862 on vehicles in FY 2004. To replace 63 vehicles each year of the next biennium, an increase of \$151,704 in FY 2006 and \$234,360 is requested to cover this expense.

DP 14 - Base Adjustments MCSAP - The executive requests an increase of \$410,646 in FY 2006 and \$393,846 in FY 2007 in the base for the Motor Carrier Safety Assistance Program (MCSAP) budget. Personnel perform inspections and enforce federal and state regulations regarding hazardous material and safety for inter-state and intra-state commercial motor carriers.

**LFD  
COMMENT***Base Adjustment Details*Personal Services - \$300,000 for FY 2006 and \$300,000 for FY 2007

MCSAP is required to perform inspections on commercial motor vehicles and compliance reviews on motor carriers subject to federal and state regulations. To cover these costs, federal authority of \$300,000 is requested for each year of the biennium. No matching funds are requested.

Overtime - \$421 for FY 2006 and \$421 for FY 2007

The HPD spent \$421 in FY 2004 on overtime and expects these costs to continue.



**LFD  
COMMENT  
CONT.**Consulting and Professional Services - \$45,000 for FY 2006 and \$45,000 for FY 2007

With the advent of Homeland Security and its relationship to HAZMAT education and enforcement, MCSAP will provide training to law enforcement agencies and educate commercial motor vehicle operators and the public regarding hazardous materials. This funding would be used to hire private firms to provide instructors and educational materials. HPD is requesting \$45,000 (\$9,000 state special gas tax and \$36,000 federal) in each year of the biennium.

Travel and Training - \$48,425 for FY 2006 and \$48,425 for FY 2007

With the advent of Homeland Security and with the HPD's responsibility to monitor hazardous material loads, MCSAP will be providing HAZMAT training classes to 100 individuals per year from the HPD and other law enforcement agencies. The training is one week long. Travel, meals and lodging are requested at \$48,425 for each year of the biennium.

Multi User Computer - \$16,800 for FY 2006

This request would replace and upgrade laptop computers utilized by MCSAP inspectors for daily operations. HPD is requesting 8 computers at \$2,100 each for a total of \$16,800 (\$3,360 state special gas tax and \$13,440 federal) in FY 2006.

DP 38 - Base Adjustment Recruit School - The executive requests an increase of \$21,083 in FY 2006 and \$21,083 in FY 2007 in the base for the Recruit Training School budget. The HPD conducts an annual Recruit Training School to train the new recruits to fill vacancies. Training consists of 16 weeks of on-campus training and eight weeks of field training.

**LFD  
COMMENT***Base Adjustment Details*Overtime

In FY 2004, the HPD spent \$738 on overtime and requests the same amount for the 2007 biennium.

Differential Pay

Differential pay is required for any officer serving as a Field Training Officer (FTO). The increase in differential pay would provide funding for a FTO to cover the time required for 25 recruits. The HPD spent \$5,372 (13 recruits) for differential in FY 2004. The HPD is requesting to maintain the \$10,000 base in each year of the biennium.

Travel/In-State Lodging

State lodging to cover the eight-week field-training portion of the school due to increases in lodging rates in certain high-cost cities at certain times of the year. An increase of \$10,345 is requested for each year of the biennium.

DP 131 - Exempt staff pay raise reduction - The executive is requesting that exempt staff pay raises be reduced to the FY 2004 base.

**LFD  
COMMENT**

Please refer to the table entitled Removal of Exempt Staff Pay Raises located in the summary section for an explanation of this amount and the original source of its funding.

DP 132 - Biennial appropriation for prisoner per diem - The executive requests a biennial appropriation for prisoner per diem. This is the cost the HPD pays to board prisoners in the county detention facilities. The cost per day is negotiated in contracts by the Department of Corrections with each county. The per-day cost ranges from \$32.14 to \$90.12 for each day a prisoner is incarcerated. The HPD spent \$923,252 for prisoner per diem in FY 2004. This request assumes costs

will increase by 3 percent per year for a total of \$1,988,342 for the biennium. This would require an increase of \$1,065,090 (required amount of \$1,988,342 less base of \$923,252 equals the incremental amount of \$1,065,090) above the base for the biennium.

### New Proposals

New Proposals										
Program	FTE	Fiscal 2006				Fiscal 2007				Total Funds
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	
DP 15 - MCSAP New Entrant Program										
13	2.00	0	0	158,065	158,065	2.00	0	0	104,270	104,270
DP 135 - Restore Vacancy Savings for Patrol Officers (Requires Legislation)										
13	0.00	0	407,283	0	407,283	0.00	0	543,074	0	543,074
DP 136 - Transfer MCSAP Program to Dept of Transportation (Requires Legislation)										
13	(9.38)	0	(124,814)	(864,323)	(989,137)	(12.50)	0	(163,021)	(1,085,044)	(1,248,065)
Total	(7.38)	\$0	\$282,469	(\$706,258)	(\$423,789)*	(10.50)	\$0	\$380,053	(\$980,774)	(\$600,721)

DP 15 - MCSAP New Entrant Program - The executive requests \$158,065 in FY 2006 and \$104,270 in FY 2007 for the Motor Carrier Safety Assistance Program (MCSAP). Section personnel perform inspections and enforce adherence to federal and state regulations regarding hazardous material and safety by inter-state and intra-state commercial motor carriers. The Federal Highway Administration has authorized MCSAP funds to be used for the New Entrant Program that provides new commercial motor vehicle companies with assistance in setting up driver education and commercial vehicle safety programs. This program is not part of the current program as listed in DP 136 below. There is no required federal match for this program.

#### LFD COMMENT

The executive is requesting authority for 2.00 FTE and associated expenses including clothing, minor equipment, fuel, travel expenses, repair and maintenance, computers, and vehicles.

DP 135 - Restore Vacancy Savings for Patrol Officers (Requires Legislation) - LC 125, requested by the State Administration and Veterans' Affairs Interim Committee, would statutorily exempt the Montana Highway Patrol from vacancy savings. This decision package restores vacancy savings to the Highway Patrol and is contingent on the passage and approval of both LC 125 and a bill that transfers the Motor Carriers Safety Assistance Program (MCSAP) to the Department of Transportation.

DP 136 - Transfer MCSAP Program to Dept of Transportation (Requires Legislation) - By mutual agreement of the Department of Justice, the Department of Transportation, and the Governor's Office, the executive requests transfer of the MCSAP to the Department of Transportation. This transfer would consolidate all commercial motor vehicle regulation functions in one group. This move would be effective Oct 1, 2005 and would be contingent on the passage and approval of legislation to authorize this transfer and of LC 125.

### Language

There is appropriated from the Highway Patrol Retirement clearing account to the department for payments to the Montana Highway Patrol Pension Fund. The amount required for this transfer is not to exceed \$1,200,000 (state special revenue) for each fiscal year.

### Program Proposed Budget

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	77.50	(4.00)	6.00	79.50	(3.00)	6.00	80.50	80.50
Personal Services	3,075,309	603,078	290,791	3,969,178	660,753	289,798	4,025,860	7,995,038
Operating Expenses	1,693,910	242,260	346,704	2,282,874	314,489	346,902	2,355,301	4,638,175
Equipment	25,136	60,000	16,757	101,893	60,000	16,757	101,893	203,786
Debt Service	15,992	0	22,050	38,042	0	22,050	38,042	76,084
<b>Total Costs</b>	<b>\$4,810,347</b>	<b>\$905,338</b>	<b>\$676,302</b>	<b>\$6,391,987</b>	<b>\$1,035,242</b>	<b>\$675,507</b>	<b>\$6,521,096</b>	<b>\$12,913,083</b>
General Fund	2,639,892	147,398	0	2,787,290	277,775	0	2,917,667	5,704,957
State/Other Special	884,362	683,836	75,894	1,644,092	661,529	75,894	1,621,785	3,265,877
Federal Special	1,286,093	74,104	600,408	1,960,605	95,938	599,613	1,981,644	3,942,249
<b>Total Funds</b>	<b>\$4,810,347</b>	<b>\$905,338</b>	<b>\$676,302</b>	<b>\$6,391,987</b>	<b>\$1,035,242</b>	<b>\$675,507</b>	<b>\$6,521,096</b>	<b>\$12,913,083</b>

### Program Description

The Division of Criminal Investigation includes the administration, management, and coordination of criminal investigative services and training performed by the Investigations Bureau, the Narcotics Bureau, and the Law Enforcement Academy Bureau.

The Investigations Bureau consists of four sections:

- Fire Prevention and Investigation Section – This section is responsible for safeguarding life and property from fire, explosion, and arson through investigative, inspection, and fire code interpretation and enforcement.
- Investigative Support Section – This section is responsible for investigating crimes involving the use of computers; maintaining the Sexual and Violent Offender Registry; providing advanced training opportunities for law enforcement officials statewide; establishing a statewide intelligence center; and addressing homeland security issues.
- Major Case Section – This section provides criminal investigative assistance to city, county, state and federal law enforcement agencies. Investigations include homicide and other violent crimes, organized crime activity, white-collar crimes, sex crimes, corruption, official misconduct, theft, complex financial crimes, workers compensation fraud, and internal agency investigations.
- Medicaid Fraud Control Section – This section is responsible for investigating any crime that occurs in a health care facility, including theft, drug diversion, sexual assault and homicide. The section also investigates elder exploitation, elder abuse and fraud by providers within the Medicaid system. This may include investigations into doctors, dentists, durable medical equipment companies, mental health providers and other Medicaid providers.

The Narcotics Bureau investigates dangerous drug violations and provides investigative assistance to city, county, state and federal law enforcement agencies as requested. The bureau also investigates organized criminal activity and assists the Investigations Bureau in its investigations. The division's narcotics agents work in an undercover capacity on a regular basis to investigate narcotics related crimes and also respond to methamphetamine laboratories statewide. Division of Criminal Investigation drug enforcement teams operate throughout Montana and coordinate their efforts with several local drug teams as well as federal authorities.

The Law Enforcement Academy Bureau provides criminal justice officers and other qualified individuals with basic and specialized training in the field of law enforcement. More than 1,000 officers and associated criminal justice personnel attend the academy each year. Basic Programs provide entry-level certification training for law enforcement officers, corrections/detention officers and public safety communicators. The Professional and Advanced Training Program is responsible for advanced/specialized training for police officers and associated criminal justice personnel.

## Program Highlights

<b>Department of Justice Criminal Investigation Division Major Budget Highlights</b>	
<ul style="list-style-type: none"> <li>• Net increase of 3.00 FTE               <ul style="list-style-type: none"> <li>• Increase of 5.00 FTE for homeland security efforts</li> <li>• Increase of 2.00 FTE for the drug taskforce</li> <li>• Decrease of 4.00 FTE in welfare fraud investigation</li> </ul> </li> <li>• \$425,000 increase in general fund is primarily for vehicle replacements and statewide present law adjustments</li> <li>• State special revenue increases are primarily in law enforcement academy activities</li> <li>• \$1.4 million increase in federal fund authority is primarily for homeland security and drug task force efforts</li> </ul>	
<b>Major LFD Issues</b>	
<ul style="list-style-type: none"> <li>• Law Enforcement Academy collection of surcharge shortfall of \$300,000 per year.</li> </ul>	

## Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the Governor.

<b>Program Funding Table Div. Of Criminal Investigation</b>						
<b>Program Funding</b>	<b>Base FY 2004</b>	<b>% of Base FY 2004</b>	<b>Budget FY 2006</b>	<b>% of Budget FY 2006</b>	<b>Budget FY 2007</b>	<b>% of Budget FY 2007</b>
01100 General Fund	\$ 2,639,892	54.9%	\$ 2,787,290	43.6%	\$ 2,917,667	44.7%
02003 Misc Grants And Nrd	297,847	6.2%	378,026	5.9%	358,255	5.5%
02079 Fire Protection & Permitting	40,270	0.8%	39,054	0.6%	38,947	0.6%
02143 Drug Forfeitures-State	41,477	0.9%	62,333	1.0%	62,312	1.0%
02546 Mtlaw Enforc. Acad. Surcharge	504,768	10.5%	1,164,679	18.2%	1,162,271	17.8%
03187 Bcc Grants To Dept. Of Justice	893,895	18.6%	1,111,887	17.4%	1,111,840	17.0%
03800 Medicaid Fraud	392,198	8.2%	418,363	6.5%	440,143	6.7%
03801 Dept Of Justice-Misc Grants	-	-	430,355	6.7%	429,661	6.6%
Grand Total	<u>\$ 4,810,347</u>	<u>100.0%</u>	<u>\$ 6,391,987</u>	<u>100.0%</u>	<u>\$ 6,521,096</u>	<u>100.0%</u>

The Fire Prevention and Investigation Bureau, and general criminal investigation are primarily funded by the general fund. The general fund is also used to match welfare and Medicaid fraud investigations. General fund supports the eastern narcotics investigation effort and provides match for the western effort. Federal funds are the major source of funding for the western narcotic investigation efforts. The Montana State Fund supports state fund fraud investigation and prosecutions.

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these

items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				933,465					929,121
Vacancy Savings				(160,353)					(160,179)
Inflation/Deflation				7,865					5,197
Fixed Costs				18,287					20,625
<b>Total Statewide Present Law Adjustments</b>				<b>\$799,264</b>					<b>\$794,764</b>
DP 18 - Montana Law Enforcement Academy Base Adjustment									
0.00	0	180,530	0	180,530	0.00	0	180,530	0	180,530
DP 19 - One Narcotics Regional Agent in Charge -Miles City									
0.00	0	0	0	0	1.00	61,451	0	0	61,451
DP 20 - Reinstate vehicle replacement program									
0.00	75,578	20,000	0	95,578	0.00	97,032	0	0	97,032
DP 21 - Medicaid Fraud Program - COLA									
0.00	0	0	0	0	0.00	7,276	0	21,829	29,105
DP 22 - Present Law Base Adjustment for Division									
0.00	0	0	0	0	0.00	42,000	0	0	42,000
DP 181 - Decrease FTE due to lack of funding									
(4.00)	0	0	(170,034)	(170,034)	(4.00)	0	0	(169,640)	(169,640)
<b>Total Other Present Law Adjustments</b>									
<b>(4.00)</b>	<b>\$75,578</b>	<b>\$200,530</b>	<b>(\$170,034)</b>	<b>\$106,074</b>	<b>(3.00)</b>	<b>\$207,759</b>	<b>\$180,530</b>	<b>(\$147,811)</b>	<b>\$240,478</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$905,338</b>					<b>\$1,035,242</b>

Statewide present law adjustments consist of:

- 1) The increase in personal service costs of \$933,465 in FY 2006 and \$929,121 in FY 2007, is mostly due to: a) pay and benefits for positions that were vacant during part of the base year but fully funded in the base budget; and b) the 25 cent per hour pay increase and insurance adjustment for each staff member as approved by the 2003 Legislature.

Other Present law adjustments consist of:

DP 18 - Montana Law Enforcement Academy Base Adjustment - The executive requests \$361,060 of state special revenue authority for the biennium to raise the spending authority of the Montana Law Enforcement Academy (MLEA) to that level appropriated in FY 2004. Spending in the base year was much less than was appropriated due the cash shortage in the new MLEA surcharge account.

**LFD ISSUE** The request in DP 18 proposes an increase in the base budget of \$180,530 in each fiscal year to get to \$1.2 million in each year of the biennium for the operation of the academy. The FY 2004 appropriation was \$1.1 million. This effort is funded with a \$10 surcharge made by the courts of limited jurisdiction on certain criminal convictions as per 3-1-318, MCA, and by tuition charged to students. The department only collected about \$0.5 million from the surcharge and about \$0.1 million in tuition, which created a \$0.5 million shortfall during FY 2004. To cover this shortfall, the department increased fees charged to the students attending the school by about \$0.1 million and reduced expenses by about \$0.1 million. The remaining deficit of \$0.3 million was covered with carry over funds and program transfers from other areas within the department. The department did find out via an audit during FY 2005 that about \$0.2 million of the surcharge was sent to the Judiciary by mistake, increasing the total collections to \$0.7 million.

**LFD  
ISSUE  
CONT.**

The department believes that the original estimate for the collection of this fee was overestimated and that future collections should be approximately \$0.7 million per year and tuition should remain at \$0.2 million. However, \$1.2 million is needed in each of FY 2006 and FY 2007 to fund the executive budget. At this level of appropriation, the academy would have a \$0.3 million shortfall.

Options for the legislature:

- 1) Raise the fee charged as per 3-1-318, MCA from \$10.00 per case to \$14.00 per case to cover the cost of the program (assuming 70,000 convictions at \$14.00 per conviction)
- 2) Request that the academy raise the \$300,000 from class participants. Assuming full attendance of each class the charge per participant would be about \$750 per student (assuming an average of 400 students)
- 3) Do some combination of each of options 1 and 2 as noted above
- 4) Fund a portion of the academy with general fund

DP 19 - One Narcotics Regional Agent in Charge -Miles City - The executive requests \$61,451 of general fund and 1.00 FTE in FY 2007 to fund a supervisor in the division's Miles City narcotics office - the Eastern Montana Drug Task Force. The Eastern Montana Drug Task Force (EMDTF) is a grant-funded operation located in Miles City, Montana, consisting of one supervisor, one administrative support, and three local law enforcement agents. The task force represents a partnership between local and state law enforcement entities and is funded through local and federal funds. The EMDTF Regional Agent in Charge (RAC) is currently staffed with an agent position "borrowed" from the Billings narcotics team. This effectively reduces the staff in Billings by one agent position. This proposal provides the EMDTF with its own RAC position, so that the "borrowed" agent position can return to Billings. This request would add state support of this currently local and federal government funded team.

DP 20 - Reinstate vehicle replacement program - The executive requests a total of \$192,610 (\$172,610 of general fund and \$20,000 of state special revenue authority) for the biennium to reinstate the division's vehicle replacement program. This request allows the division to purchase six vehicles over the biennium (1 for the workers compensation fraud investigator and 5 for narcotics investigators), and lease 4 pickup trucks for the deputy state fire marshals and 3 sedans for general investigators. In FY 2002, DCI had its vehicle replacement program removed from its budget by the legislature, supported by the Governor's office. The current fleet contains 10 vehicles with over 100,000 miles and 40 percent of the vehicle fleet had over 80,000 miles as of April 2004.

DP 21 - Medicaid Fraud Program - COLA - The executive requests a total of \$29,105 in FY 2007, \$7,276 of general fund and \$21,829 of federal special revenue authority, to pay for increases in the present law base of the Medicaid Fraud Control Unit. Each year, the Medicaid Fraud grant allows for a 5 percent cost-of-living adjustment. The Medicaid Fraud Control Unit is funded 25 percent from the general fund and 75 percent from federal funds.

**LFD  
COMMENT**

The Medicaid Fraud Control Unit was initially established to investigate Medicaid provider fraud and elder abuse and exploitation cases in Medicaid participating facilities. In recent years, the unit has grown to include elder abuse and exploitation cases anywhere, not only restricted to facilities that receive Medicaid funding. The unit's caseload has increased due to these additional responsibilities. Present law base adjustments are requested for increased travel, increased investigative costs, and increased expert witness fees for the prosecution of these cases.

DP 22 - Present Law Base Adjustment for Division - The executive requests an increase of \$42,000 of general fund in FY 2007 for miscellaneous increases to the present law base of the division. Increases are requested in: 1) cost-of-living increases for the narcotics bureau; 2) cost-of-living increases for the investigations bureau; and 3) funding of continuing Amber Alert expenditures. The Amber Alert program was established with a one-time appropriation to create the program in Montana. This request provides a small amount of funding for continuing operating costs of this program.

**LFD  
COMMENT**

These increases are due to increased requests for assistance from local law enforcement agencies. This request includes funding for: 1) increases for the Narcotics Bureau in areas such as investigative costs, travel, and vehicle maintenance; 2) increases for the investigations bureau in areas such as investigative costs, travel, and investigative training for criminal investigators; and 3) funding of continuing Amber Alert expenditures.

DP 181 - Decrease FTE due to lack of funding - The executive requests the reduction of 4.00 FTE that were funded with federal special revenue authority. The division has no federal funding for these positions.

**LFD  
COMMENT**

These FTE were working in the area of welfare fraud. The Department of Health and Human Services (DPHHS) had a contract with the Department of Justice to provide fraud investigations. DPHHS has decided to cancel this service.

**New Proposals**

New Proposals										
Program	FTE	Fiscal 2006				FTE	Fiscal 2007			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 16 - Funding Authority - Homeland Security										
18	5.00	0	0	423,322	423,322	5.00	0	0	422,527	422,527
DP 17 - Funding Authority - Tri-Agency Drug Task Force										
18	1.00	0	75,894	177,086	252,980	1.00	0	75,894	177,086	252,980
Total	6.00	\$0	\$75,894	\$600,408	\$676,302 *	6.00	\$0	\$75,894	\$599,613	\$675,507

DP 16 - Funding Authority - Homeland Security - The executive requests \$845,849 of federal special revenue authority and 5.00 FTE for the biennium to allow for the continuation of the homeland security efforts now underway. Funding authority is necessary to continue the memorandum of understanding (MOU) with the Disaster and Emergency Services Division in the Department of Military Affairs for the Homeland Security program. This MOU is in place to provide personnel and support for the creation of a Statewide Intelligence Center with the main focus and priority on homeland security, weapons of mass destruction, and counter-terrorism. Creation of the Statewide Intelligence Center is identified in Goal One of the Montana Homeland Security Strategic Plan. This request consists of one homeland security agent, two intelligence analysts, one program manager, and one administrative support.

**LFD  
COMMENT**

The Department of Justice supports homeland security by collecting and analyzing leads on domestic and international terrorist activities and threats. This effort is located at Fort Harrison in Helena. This request is for 1.00 FTE program manager, 1.00 FTE intelligence agent, 2.00 FTE intelligence analysts, and 1.00 administrative support. This is not a new function, and was in place during the 2005 biennium.

DP 17 - Funding Authority - Tri-Agency Drug Task Force - The executive requests \$505,960 of state special and federal special revenue authority and 1.00 FTE for the biennium to continue the Tri-Agency Drug Task Force. The Tri-Agency Drug Task Force is a grant funded drug task force that has been in existence for over 15 years, headquartered out of Havre, Montana. The task force is responsible for conducting narcotics investigations in a six county region in North Central Montana. In FY 2004, the local management of the task force requested that the state take over the management of the drug task force. The Division of Criminal Investigation began managing the drug task force beginning in FY 2005. One FTE is requested as a supervisor of the drug task force. All other members of the drug task force are employed by local law enforcement agencies in the drug task force region. The task force is comprised of the following agencies: Blaine County Sheriff's Office, Choteau County Sheriff's Office, Ft. Belknap Reservation, Havre Police Department, Hill County Sheriff's Office, Judith Basic County Sheriff's Office, Liberty County Sheriff's Office, Phillips County Sheriff's Office, Rocky Boy Reservation, and the division.

### Program Proposed Budget

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	21.55	0.00	0.00	21.55	0.00	0.00	21.55	21.55
Personal Services	1,739,734	69,489	0	1,809,223	70,415	0	1,810,149	3,619,372
<b>Total Costs</b>	<b>\$1,739,734</b>	<b>\$69,489</b>	<b>\$0</b>	<b>\$1,809,223</b>	<b>\$70,415</b>	<b>\$0</b>	<b>\$1,810,149</b>	<b>\$3,619,372</b>
General Fund	1,739,734	69,489	0	1,809,223	70,415	0	1,810,149	3,619,372
<b>Total Funds</b>	<b>\$1,739,734</b>	<b>\$69,489</b>	<b>\$0</b>	<b>\$1,809,223</b>	<b>\$70,415</b>	<b>\$0</b>	<b>\$1,810,149</b>	<b>\$3,619,372</b>

### Program Description

The County Attorney Payroll program pays approximately half of the salary and benefits for the attorneys who serve Montana's 56 counties, as required by 7-4-2502, MCA. County compensation boards within each county determine county attorney salaries. By law, the state's contribution is limited to the general fund amount the legislature appropriates for this program. The state's contribution may be less than half of the board-approved salary.

### Program Highlights

<b>Department of Justice County Attorney Payroll Major Budget Highlights</b>	
<ul style="list-style-type: none"> <li>• Increase of \$139,900 in general fund for the 2007 biennium over the base budget due to state funding of county attorney pay and benefit increases</li> </ul>	

### Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the Governor.

Program Funding Table						
County Attorney Payroll						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01100 General Fund	<u>\$ 1,739,734</u>	<u>100.0%</u>	<u>\$ 1,809,223</u>	<u>100.0%</u>	<u>\$ 1,810,149</u>	<u>100.0%</u>
Grand Total	<u>\$ 1,739,734</u>	<u>100.0%</u>	<u>\$ 1,809,223</u>	<u>100.0%</u>	<u>\$ 1,810,149</u>	<u>100.0%</u>

This program is entirely funded by the general fund, as required by 7-4-2502, MCA.

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.



Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				6,489					7,415
<b>Total Statewide Present Law Adjustments</b>				<b>\$6,489</b>					<b>\$7,415</b>
DP 23 - County Attorney Pay - State Share									
0.00	63,000	0	0	63,000	0.00	63,000	0	0	63,000
<b>Total Other Present Law Adjustments</b>									
<b>0.00</b>	<b>\$63,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$63,000</b>	<b>0.00</b>	<b>\$63,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$63,000</b>
Grand Total All Present Law Adjustments				\$69,489					\$70,415

The increase in personal service costs of \$6,489 in FY 2006 and \$7,415 in FY 2007 is due to pay increases and benefit cost adjustments for the 21.55 county attorneys.

DP 23 - County Attorney Pay - State Share - The executive requests \$63,000 for each year of the biennium to adjust the base amount to pay approximately 50 percent of county attorneys' salaries and benefits. Salaries are set on an annual basis by county compensation boards. However, the ultimate amount that the state will pay in any year is limited to the appropriation set by the legislature, which may be less than the targeted 50 percent.

#### LFD COMMENT

Although there are 56 counties in the state, there are only 54 county attorneys because certain counties share this duty due to limited caseload. Certain county attorneys serve on a part-time basis while some serve full time. The county attorney is an elected position and a county compensation board adjusts the amount of time that any attorney is paid to serve and the corresponding pay by resolution. The state will only pay for either a 40-hour week, or the actual number of hours if less than 40 hours. The starting salary is set in statute at \$50,000 per year and this function is exempt from vacancy savings. The state has these FTE's on its payroll and issues checks on a biweekly basis to each attorney.

**Program Proposed Budget**

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	16.00	0.00	0.00	16.00	0.00	0.00	16.00	16.00
Personal Services	678,804	98,743	0	777,547	98,502	0	777,306	1,554,853
Operating Expenses	141,963	49,964	0	191,927	(11,426)	0	130,537	322,464
<b>Total Costs</b>	<b>\$820,767</b>	<b>\$148,707</b>	<b>\$0</b>	<b>\$969,474</b>	<b>\$87,076</b>	<b>\$0</b>	<b>\$907,843</b>	<b>\$1,877,317</b>
General Fund	344,241	13,227	0	357,468	(10,193)	0	334,048	691,516
State/Other Special	457,189	98,389	0	555,578	63,876	0	521,065	1,076,643
Proprietary	19,337	37,091	0	56,428	33,393	0	52,730	109,158
<b>Total Funds</b>	<b>\$820,767</b>	<b>\$148,707</b>	<b>\$0</b>	<b>\$969,474</b>	<b>\$87,076</b>	<b>\$0</b>	<b>\$907,843</b>	<b>\$1,877,317</b>

**Program Description**

The Central Services Division provides the administrative, personnel, budgetary, accounting, and fiscal support for the Department of Justice. The program also administers the County Attorney Payroll.

**Program Highlights**

Department of Justice Central Services Division Major Budget Highlights	
<ul style="list-style-type: none"> <li>Funding increases by \$235,800 for the 2007 biennium as compared to the base budget are primarily due to statewide present law adjustments</li> </ul>	

**Funding**

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the Governor.

Program Funding Table Central Services Division						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01100 General Fund	\$ 344,241	41.9%	\$ 357,468	36.9%	\$ 334,048	36.8%
02003 Misc Grants And Nrd	27,001	3.3%	28,737	3.0%	28,737	3.2%
02074 Gambling License Fee Account	46,945	5.7%	56,428	5.8%	52,730	5.8%
02422 Highways Special Revenue	383,243	46.7%	470,413	48.5%	439,598	48.4%
06005 Liquor Division	3,679	0.4%	28,214	2.9%	26,365	2.9%
06500 Agency Legal Services	15,658	1.9%	28,214	2.9%	26,365	2.9%
Grand Total	<u>\$ 820,767</u>	<u>100.0%</u>	<u>\$ 969,474</u>	<u>100.0%</u>	<u>\$ 907,843</u>	<u>100.0%</u>

The Central Services Division is funded by an allocation from the four major funds that support the Department of Justice, in proportion to the total budgeted costs. These funds are the general fund, the gas tax, the gambling tax, and other miscellaneous funds.

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				140,305					140,054
Vacancy Savings				(32,765)					(32,755)
Inflation/Deflation				(833)					(832)
Fixed Costs				50,797					(10,594)
<b>Total Statewide Present Law Adjustments</b>				\$157,504					\$95,873
DP 283 - Exempt staff pay raise reduction									
0.00	(3,255)	(5,014)	0	(8,797)*	0.00	(3,255)	(5,014)	0	(8,797)*
<b>Total Other Present Law Adjustments</b>									
<b>0.00</b>	<b>(\$3,255)</b>	<b>(\$5,014)</b>	<b>\$0</b>	<b>(\$8,797)*</b>	<b>0.00</b>	<b>(\$3,255)</b>	<b>(\$5,014)</b>	<b>\$0</b>	<b>(\$8,797)*</b>
<b>Grand Total All Present Law Adjustments</b>				\$148,707 *					\$87,076 *

The increase in personal service costs of \$140,305 in FY 2006 and \$140,054 in FY 2007, is mostly due to a) pay and benefits for positions that were vacant during part of the base year but accounted for as being fully funded in the budget, b) reclassifications of certain positions to higher levels towards the end of the base year, c) a reorganization of the function whereby additional FTE were move from other areas, and d) the 25 cent per hour pay increase and insurance adjustment for each staff member as approved by the 2003 Legislature.

DP 283 - exempt staff pay raise reduction - The executive is requesting that exempt staff pay raises be reduced to the FY 2004 base.

**LFD  
COMMENT**

Please refer to the table entitled Removal of Exempt Staff Pay Raises located in the summary section for an explanation of this amount and the original source of its funding.

### Program Proposed Budget

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	51.00	3.00	(3.50)	50.50	3.00	(3.52)	50.48	50.48
Personal Services	1,963,099	456,378	(213,215)	2,206,262	454,640	(213,448)	2,204,291	4,410,553
Operating Expenses	1,919,431	(50,496)	0	1,868,935	(47,545)	0	1,871,886	3,740,821
Equipment	132,986	0	0	132,986	0	0	132,986	265,972
Debt Service	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$4,015,516</b>	<b>\$405,882</b>	<b>(\$213,215)</b>	<b>\$4,208,183</b>	<b>\$407,095</b>	<b>(\$213,448)</b>	<b>\$4,209,163</b>	<b>\$8,417,346</b>
General Fund	2,862,503	267,367	(213,215)	2,916,655	267,676	(213,448)	2,916,731	5,833,386
State/Other Special	1,063,270	134,035	0	1,197,305	135,126	0	1,198,396	2,395,701
Federal Special	83,223	(2,321)	0	80,902	(2,508)	0	80,715	161,617
Proprietary	6,520	6,801	0	13,321	6,801	0	13,321	26,642
<b>Total Funds</b>	<b>\$4,015,516</b>	<b>\$405,882</b>	<b>(\$213,215)</b>	<b>\$4,208,183</b>	<b>\$407,095</b>	<b>(\$213,448)</b>	<b>\$4,209,163</b>	<b>\$8,417,346</b>

### Program Description

The Justice Information Technology Services Division provides a full range of information technology and criminal justice services for the department including system development and maintenance of:

- 1) The motor vehicle titling and registration system
- 2) The driver license and history system
- 3) The criminal history record information system
- 4) The Montana Uniform Crime Reporting System
- 5) The Department of Justice internal computers and systems
- 6) The Criminal Justice Information Network (CJIN). CJIN links law enforcement/criminal justice agencies with information sources at local, state, and national levels by interfacing with the National Law Enforcement Telecommunications System, the National Crime Information Center (NCIC), and numerous State of Montana files.

The program also provides identification services for the criminal justice community through criminal history record checking and fingerprint processing.

### Program Highlights

<b>Department of Justice</b> <b>Information Technology Services Division</b> <b>Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>Decrease of 0.52 FTE from the base budget is due to a request to hire 1.00 Security and Disaster Officer and 4.00 programmers and analysts, offset by the reduction of 3.52 FTE as per the Governor's FTE reduction and the removal of 2.00 non-funded positions</li> </ul>

Major LFD Issues
<ul style="list-style-type: none"> <li>Requests for 3 FTE without funding for personal services. The funding is in the contract services area. Personal services are under-funded while contractor services are over-funded.</li> </ul>

**Funding**

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the Governor.

Program Funding Table						
Information Technology Service						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01100 General Fund	\$ 2,862,503	71.3%	\$ 2,916,655	69.3%	\$ 2,916,731	69.3%
02003 Misc Grants And Nrd	3,051	0.1%	3,051	0.1%	3,051	0.1%
02016 Criminal Justice Info Network	580,598	14.5%	653,493	15.5%	654,542	15.6%
02074 Gambling License Fee Account	23,453	0.6%	16,652	0.4%	16,652	0.4%
02422 Highways Special Revenue	57,984	1.4%	57,984	1.4%	57,984	1.4%
02797 Cjis - Background Checks	398,184	9.9%	466,125	11.1%	466,167	11.1%
03187 Bcc Grants To Dept. Of Justice	80,955	2.0%	78,634	1.9%	78,447	1.9%
03800 Medicaid Fraud	2,268	0.1%	2,268	0.1%	2,268	0.1%
06005 Liquor Division	-	-	6,801	0.2%	6,801	0.2%
06500 Agency Legal Services	6,520	0.2%	6,520	0.2%	6,520	0.2%
Grand Total	<u>\$ 4,015,516</u>	<u>100.0%</u>	<u>\$ 4,208,183</u>	<u>100.0%</u>	<u>\$ 4,209,163</u>	<u>100.0%</u>

General fund is the primary funding source for the division. Fees generated by CJIN partially support the operating costs of the CJIN network, as do some federal funds.

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				555,340					553,452
Vacancy Savings				(100,742)					(100,661)
Inflation/Deflation				(4,171)					(4,149)
Fixed Costs				31,602					34,531
<b>Total Statewide Present Law Adjustments</b>				<b>\$482,029</b>					<b>\$483,173</b>
DP 24 - Security and Disaster Recovery Officer FTE									
1.00	0	62,969	0	62,969	1.00	0	62,870	0	62,870
DP 25 - Programmer/Analyst FTE									
1.00	0	0	0	0	1.00	0	0	0	0
DP 26 - Data Base Analyst for FileNet									
1.00	0	0	0	0	1.00	0	0	0	0
DP 27 - Business Systems Analyst FTE									
1.00	0	0	0	0	1.00	0	0	0	0
DP 28 - Systems Production Support and Maintenance FTE									
1.00	0	0	0	0	1.00	0	0	0	0
DP 29 - FBI Background Check Passthru Authority									
0.00	0	70,000	0	70,000	0.00	0	70,000	0	70,000
DP 291 - Eliminate Positions Where Federal Funding was Lost									
(2.00)	0	0	(61,189)	(61,189)	(2.00)	0	0	(61,021)	(61,021)
DP 292 - HB261 Backfill Contract - One time only reduction									
0.00	(147,927)	0	0	(147,927)	0.00	(147,927)	0	0	(147,927)
<b>Total Other Present Law Adjustments</b>									
<b>3.00</b>	<b>(\$147,927)</b>	<b>\$132,969</b>	<b>(\$61,189)</b>	<b>(\$76,147)</b>	<b>3.00</b>	<b>(\$147,927)</b>	<b>\$132,870</b>	<b>(\$61,021)</b>	<b>(\$76,078)</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$405,882</b>					<b>\$407,095</b>

The increase in personal services costs of \$555,340 in FY 2006 and \$553,452 in FY2007, is mostly due to: a) pay and benefits for positions that were vacant during part of the base year but fully funded in the budget; b) reclassifications of certain positions to higher levels due to market conditions; and c) the 25 cent per hour pay increase and insurance adjustment for each staff member as approved by the 2003 Legislature.

DP 24 - Security and Disaster Recovery Officer FTE – The executive is requesting 1.00 FTE and funding from the state special revenue fund (CJIN) for a Security and Disaster Recovery Officer. The cost of this position is \$62,969 in FY 2006 and \$62,870 in FY 2007. This FTE would be responsible for directing the information technology security program. The tasks of this position would include developing, implementing, and maturing of security on all DOJ information technology systems in order to centrally manage physical access, access to systems, educating users of individual responsibilities, and minimizing the possibility of malicious access.

#### LFD COMMENT

The responsibility of Security and Disaster Recovery has been spread throughout the Department of Justice Information Technology Services Division (ITSD). In 2003, a consultant was hired to evaluate the security of the information technology systems and identify any potential risks that needed to be mitigated. The consultant's findings indicated the need for a security officer for ITSD. The information contained within the databases of the Department of Justice is of a highly confidential and sensitive nature. The 2003 Legislature allowed for a two-year temporary security and disaster recovery officer. The department would like to make this a permanent position.

DP 25 - Programmer/Analyst FTE - The executive requests 1.00 FTE as a Motor Vehicle Division programmer/analyst. This function is currently being accomplished by a contract employee and is funded under contract services. This FTE would provide a combination of legacy system maintenance as well as new system development & maintenance. The position would provide services for the existing systems, and for the development and maintenance of the new system being developed by the HB 261 project.

DP 26 - Data Base Analyst for FileNet - The executive requests 1.00 FTE as a database administrator. This function is currently being accomplished by a contract employee and is funded under contract services. This FTE would have the experience to maintain custom DOJ databases and platforms in a FileNet environment.

DP 27 - Business Systems Analyst FTE - The executive requests 1.00 FTE as a business systems analyst. This function is currently being accomplished by a contract employee and is funded under contract services.

DP 28 - Systems Production Support and Maintenance FTE - A 1.00 FTE systems production support and maintenance employee is requested beginning in FY 2006, utilizing current level funding from contracted services with a net zero request for spending authority.

**LFD ISSUE** In DP 25, 26, 27, and 28, the executive is asking for an FTE only and not funding because the funding is in the base under contract services. The executive represents that the amount that is in the base is sufficient to hire this FTE and cover pay and benefits. Once the FTE is hired, the department will need to transfer the funding from contract services to personal services. The cost of each position in all three decision packages is \$71,203 in FY 2006 and \$68,182 in FY 2007. The difference between years is primarily due to one-time costs such as a new computer or office furniture.

The legislature may wish to have the department remove all amounts from the base related to this function from contract services and add the FTE back in under personal services.

DP 29 - FBI Background Check Passthru Authority - The executive requests additional pass through spending authority that is required to transfer monies owed to the FBI when fingerprint background checks are conducted by the FBI on behalf of the Department of Justice, Criminal Justice Information Services Bureau. This increase is based on current experience in this area and industry trends. Fingerprinting is increasing due to security needs.

DP 291 - Eliminate Positions Where Federal Funding was Lost - The executive is requesting the elimination of two positions that were funded from a federal grant that has since expired. These FTE were providing background checks and this process had been automated.

DP 292 - HB261 Backfill Contract - One time only reduction - The executive is requesting a general fund reduction in each year of the biennium for several positions in ITSD that were hired to backfill for the HB 261 project.

### New Proposals

New Proposals										
Program	FTE	Fiscal 2006				Fiscal 2007				Total Funds
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	
DP 293 - Statewide FTE Reduction										
29	(3.50)	(213,215)	0	0	(213,215)	(3.52)	(213,448)	0	0	(213,448)
Total	(3.50)	(\$213,215)	\$0	\$0	(\$213,215)*	(3.52)	(\$213,448)	\$0	\$0	(\$213,448)

DP 293 - OBPP Proposed FTE Reduction - The executive is requesting an FTE reduction to reduce overall FTE and the general fund.

**Program Proposed Budget**

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	25.50	2.25	0.00	27.75	3.25	0.00	28.75	28.75
Personal Services	1,538,248	262,011	0	1,800,259	321,237	0	1,859,485	3,659,744
Operating Expenses	1,060,830	62,893	0	1,123,723	67,009	0	1,127,839	2,251,562
Equipment	78,803	0	0	78,803	0	0	78,803	157,606
Debt Service	4,566	0	0	4,566	0	0	4,566	9,132
<b>Total Costs</b>	<b>\$2,682,447</b>	<b>\$324,904</b>	<b>\$0</b>	<b>\$3,007,351</b>	<b>\$388,246</b>	<b>\$0</b>	<b>\$3,070,693</b>	<b>\$6,078,044</b>
General Fund	2,289,044	323,969	0	2,613,013	387,180	0	2,676,224	5,289,237
State/Other Special	303,204	0	0	303,204	0	0	303,204	606,408
Federal Special	90,199	935	0	91,134	1,066	0	91,265	182,399
<b>Total Funds</b>	<b>\$2,682,447</b>	<b>\$324,904</b>	<b>\$0</b>	<b>\$3,007,351</b>	<b>\$388,246</b>	<b>\$0</b>	<b>\$3,070,693</b>	<b>\$6,078,044</b>

**Program Description**

The Forensic Science Division includes the State Crime Lab in Missoula and the State Medical Examiner. The division provides a statewide system of death investigation, forensic science training and scientific criminal investigation. The division conducts analysis on specimens submitted by law enforcement officials, coroners and other state agencies. The division tests firearms, tool marks, hair, fiber, drugs, blood, body fluids, and tissues. The laboratory also analyzes blood and urine samples in connection with driving under the influence (DUI) cases and it provides the certification, maintenance, and training of all law enforcement personnel on breath testing instruments.

**Program Highlights**

<b>Department of Justice</b> <b>Forensic Science Division</b> <b>Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>The increase in funding of \$713,000 for the biennium is primarily due to the department's request for 3.25 FTE: 1 Chemist, 1 serologist, 1 toxicologist, and 1 pathologist offset by the reduction of .75 FTE</li> </ul>
<b>Major LFD Issues</b>
<ul style="list-style-type: none"> <li>Lease payment on the Forensic Lab facility in Missoula is 20 percent of the division's total cost</li> </ul>



## Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium.

Program Funding Table						
Forensic Science Division						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01100 General Fund	\$ 2,289,044	85.3%	\$ 2,613,013	86.9%	\$ 2,676,224	87.2%
02034 Earmarked Alcohol Funds	303,204	11.3%	303,204	10.1%	303,204	9.9%
03187 Bcc Grants To Dept. Of Justice	90,199	3.4%	91,134	3.0%	91,265	3.0%
Grand Total	<u>\$ 2,682,447</u>	<u>100.0%</u>	<u>\$ 3,007,351</u>	<u>100.0%</u>	<u>\$ 3,070,693</u>	<u>100.0%</u>

The Forensic Science Division is funded primarily from the general fund. The division receives approximately \$300,000 annually from the earmarked alcohol tax for laboratory testing and intoxilizer equipment repair, which is done at the lab in support of the DUI Enforcement Program. Federal funds are used to fund certain lab positions.

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				101,145					101,867
Vacancy Savings				(65,576)					(65,603)
Inflation/Deflation				(2,143)					(2,083)
Fixed Costs				24,861					25,907
<b>Total Statewide Present Law Adjustments</b>				<b>\$58,287</b>					<b>\$60,088</b>
DP 30 - Base Adjustment-Annualize Rent									
0.00	31,145	0	0	31,145	0.00	31,145	0	0	31,145
DP 31 - Forensic Scientist - Chemist									
1.00	61,503	0	0	61,503	1.00	61,430	0	0	61,430
DP 32 - Forensic Science - Serologist/DNA									
1.00	61,503	0	0	61,503	1.00	61,430	0	0	61,430
DP 34 - Forensic Scientist - Toxicologist									
0.00	0	0	0	0	1.00	61,430	0	0	61,430
DP 35 - Forensic Pathologist									
1.00	158,495	0	0	158,495	1.00	158,649	0	0	158,649
DP 321 - FTE reduction due to lack of federal funding									
(0.75)	0	0	(37,230)	(37,230)	(0.75)	0	0	(37,127)	(37,127)
DP 322 - Exempt staff pay raise reduction									
0.00	(8,799)	0	0	(8,799)	0.00	(8,799)	0	0	(8,799)
<b>Total Other Present Law Adjustments</b>									
<b>2.25</b>	<b>\$303,847</b>	<b>\$0</b>	<b>(\$37,230)</b>	<b>\$266,617</b>	<b>3.25</b>	<b>\$365,285</b>	<b>\$0</b>	<b>(\$37,127)</b>	<b>\$328,158</b>
Grand Total All Present Law Adjustments				\$324,904					\$388,246

The increase in personal service costs of \$101,145 in FY 2006 and \$101,867 in FY 2007, is mostly due to: a) pay and benefits for positions that were vacant during part of the base year but fully funded in the budget; and b) the 25 cent per hour pay increase and insurance adjustment for each staff member approved by the 2003 Legislature.

Other present law adjustments consist of:

DP 30 – Forensic Laboratory Lease - The executive is requesting an increase of \$31,145 for each of FY 2006 and FY 2007 for the lease that provides office space for the forensic laboratory in Missoula. The lease is for 31,145 sq. ft and the increase is \$1.00 per sq. ft. The Forensic Science Division leases space from a private vendor. The Department of Administration entered into a 15-year lease for the current laboratory space on February 1, 2000. This lease allows for a \$1.00 per sq. ft. rent increase on each five-year anniversary of the lease. The first increase will be effective on February 1, 2005 and the 58th Legislature approved an increase in the general fund to cover five months of this increase. The next increase is expected to occur on February 1, 2010.

#### LFD ISSUE

The annual lease payment on this facility as of FY 2005 is approximately \$530,000 per year, which is about 18 percent of this division's total fiscal expenditures. It is also about 32 percent of the Department of Justice's total non-Department of Administration rent. Over a 15-year period at an average annual rental of \$500,000 per month, this department would pay \$7.5 million. However, the lease payment includes some utilities.

The legislature may wish to request that the department explore the option to either purchase the building or to buy out of the lease and move the operations to another facility that is more economical. The legislature may wish that the department report to the Legislative Finance Committee the results of their findings.

DP 31 - Forensic Scientist - Chemist - The executive is requesting to hire 1.00 FTE as a chemist. This FTE would keep the current number of chemists at four, as this FTE would replace with general fund a position that is currently funded with federal funds that expire on June 30, 2005. This section analyzes solid dosage drugs submitted by law enforcement. Examples include illegal street drugs, substances from clandestine laboratories, prescription drugs, product tampering cases, and animal poisoning cases. This section also analyzes gun shot residue, paint, ignitable liquids, explosives and filament.

#### LFD COMMENT

##### *Caseload and Turnaround Time in the Chemical Lab*

#### Number of FTE:

There are currently 4.00 FTE working in this section. Three positions are federally funded and one is general fund. Federal funding for 1.00 FTE will expire on June 30, 2005.

#### Caseload by year:

<u>Year</u>	<u>Unfinished Cases</u>
2001	1227
2002	1375
2003	1189
2004	1409
2005	1535 (Estimate)
2006	1535 (Estimate)
2007	Not Available

#### Program Effectiveness:

The department does not keep statistics on the effectiveness of its program, i.e., number of cases that used its findings to gain a verdict, etc.

**LFD  
COMMENT CONT.**Turnaround Time

Two months on drug cases  
 Ten months on clandestine laboratories  
 Three months on ignitable liquids cases (arson)

Comments

This area has experienced an increase in workload due, in part, to the increase in the number of clandestine drug laboratories found in Montana over the past few years. In past years, the lab would see three or four clandestine laboratory submissions per year. Now the lab processes approximately 100 clandestine labs per year.

DP 32 - Forensic Science - Serologist/DNA - The executive is requesting 1.00 FTE Serologist/DNA. This position would keep the current number of serologists at four, as it changes the funding of 1.00 FTE to general fund from the current federal funds, which expire on June 30, 2005. This section of the laboratory provides the forensic analysis of biological evidence for the law enforcement agencies of Montana. The Serology/DNA section of the laboratory identifies probative biological fluids and develops DNA profiles that identify the source of the fluid.

**LFD  
COMMENT***Caseload and Turnaround Time in the Serologist Lab*Number of FTE:

There are currently 4.00 FTE working in this section. The federal funds for 1.00 FTE will expire on June 30, 2005.

Caseload by year:

<u>Year</u>	<u>Unfinished Cases</u>
2001	236
2002	296
2003	248
2004	265
2005	265 (Estimate)
2006	265 (Estimate)
2007	Not Available

Program Effectiveness:

The department does not keep statistics on the effectiveness of its program, i.e., number of cases that used its findings to gain a verdict, etc.

Turnaround Time

Three to four months

Backlog

95 cases or nine months turnaround time

DP 34 - Forensic Scientist - Toxicologist - The executive is requesting a Toxicologist. This section of the laboratory analyzes biological specimens submitted by law enforcement, correctional agencies, county coroners, and forensic pathologists. Some of the primary duties of this section include establishing the cause or clarifying the circumstances of death through a post-mortem investigation and confirming the presence or absence of alcohol and/or drugs in corrections programs submissions and in DUI cases.

**LFD  
COMMENT**
*Caseload and Turnaround Time in the Toxicologist Lab*
Number of FTE:

There are currently 5.00 FTE working in this section, and the addition of this new proposal would increase it to 6.00 FTE

Caseload by year:

<u>Year</u>	<u>Unfinished Cases</u>
2001	3,094
2002	3,450
2003	3,659
2004	4,071
2005	4,320 (Estimate)
2006	4,584 (Estimate)
2007	Not Available

Program Effectiveness:

The department does not keep statistics on the effectiveness of its program, i.e., number of cases that used its findings to gain a verdict, etc.

Backlog

Four weeks

DP 35 - Forensic Pathologist - The executive is requesting a Pathologist Associate Medical Examiner to address the increased number of autopsies conducted at the lab. A forensic pathologist is responsible for determining the cause and manner of sudden unexpected deaths, or deaths unattended by a physician. The pathologist performs forensic autopsies, collects evidence to be analyzed by other scientists in the laboratory, serves as an advisor to the coroners throughout Montana, and reviews all coroners' reports on deaths occurring in the state. The forensic pathologist also assists investigators and scientists with crime scene reconstruction. Forensic pathology requires very specialized training and cannot be performed by hospital pathologists due to the nature of criminal cases.

**LFD  
COMMENT**
*Caseload and Turnaround Time in the Pathology Lab*
Number of FTE:

There is currently 1.00 FTE working in this section.

There are currently 2 doctors in Montana doing this work – one state employee and one private practitioner. This DP increases the state employment by 1.00 FTE and the total will then be 2.00 FTE.

**LFD  
COMMENT CONT.**Caseload by year:

<u>Year</u>	<u>Cases</u>
2001	146
2002	149
2003	154
2004	189
2005	210 (Estimate)
2006	221 (Estimate)
2007	Not Available

Program Effectiveness:

The department does not keep statistics on the effectiveness of its program, i.e., number of cases that used its findings to gain a verdict, etc.

Backlog

Conducting autopsies - none

Out cases completed – 6 months

Review of coroner reports – 9 months

Amount of funds collected by year

This information is not yet available; please refer to the issue below.

**LFD  
ISSUE**

The division stated that it would charge counties for certain services of this new pathologist; however, estimates of the annual amounts collected are not yet available. The legislature may wish to request that the division report to the Legislative Finance Committee the amount collected by fiscal year.

DP 321 - FTE reduction due to lack of federal funding - A .75 FTE reduction is necessary out of current level. The Department did not receive HIDTA federal funding. The executive is asking that this position be funded with general fund.

DP 322 - Exempt staff pay raise reduction - The executive is requesting that exempt staff pay raises be reduced to the FY 2004 base.

**LFD  
COMMENT**

Please refer to the table entitled Removal of Exempt Staff Pay Raises located in the summary section for an explanation of this amount and the original source of its funding.